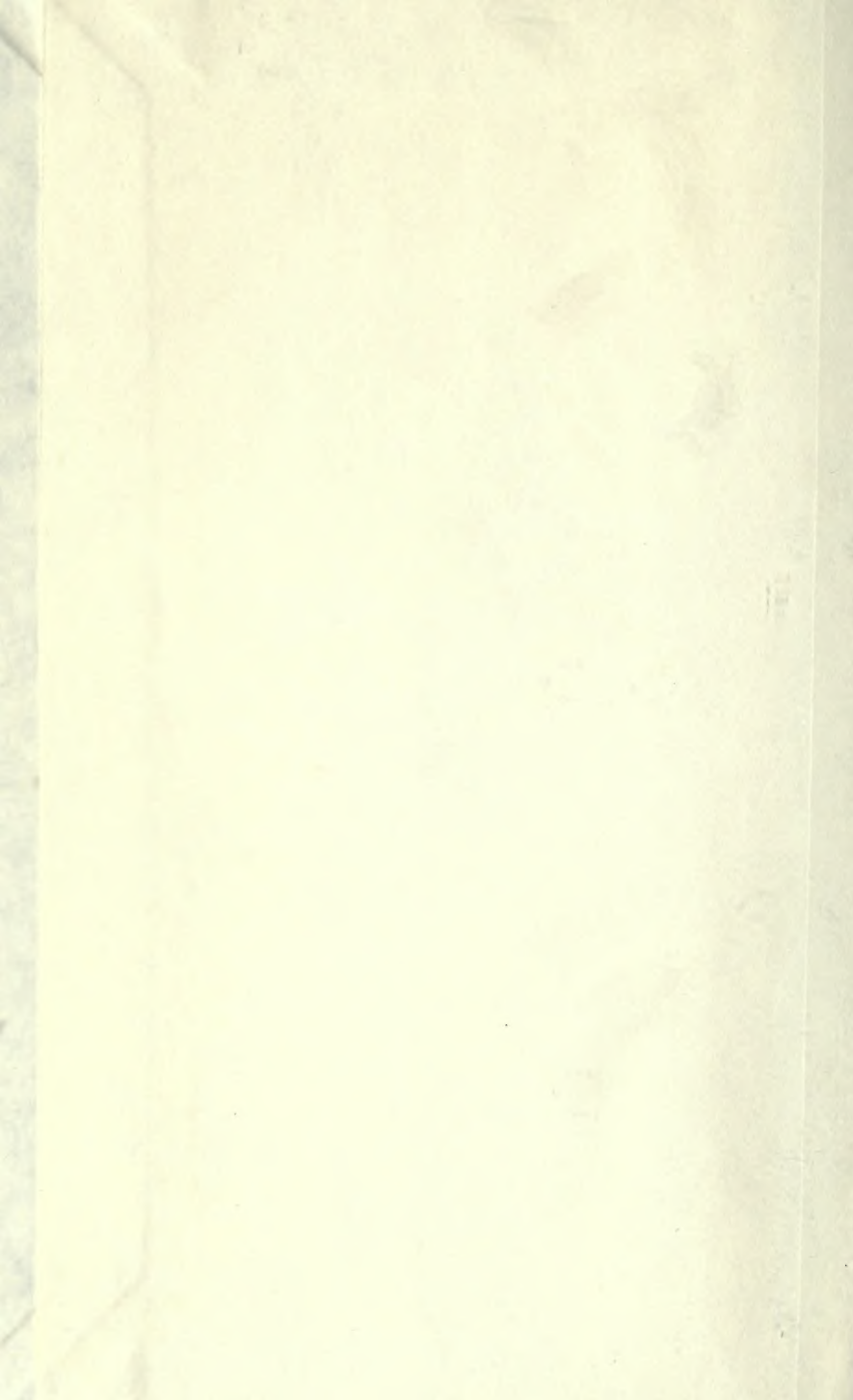
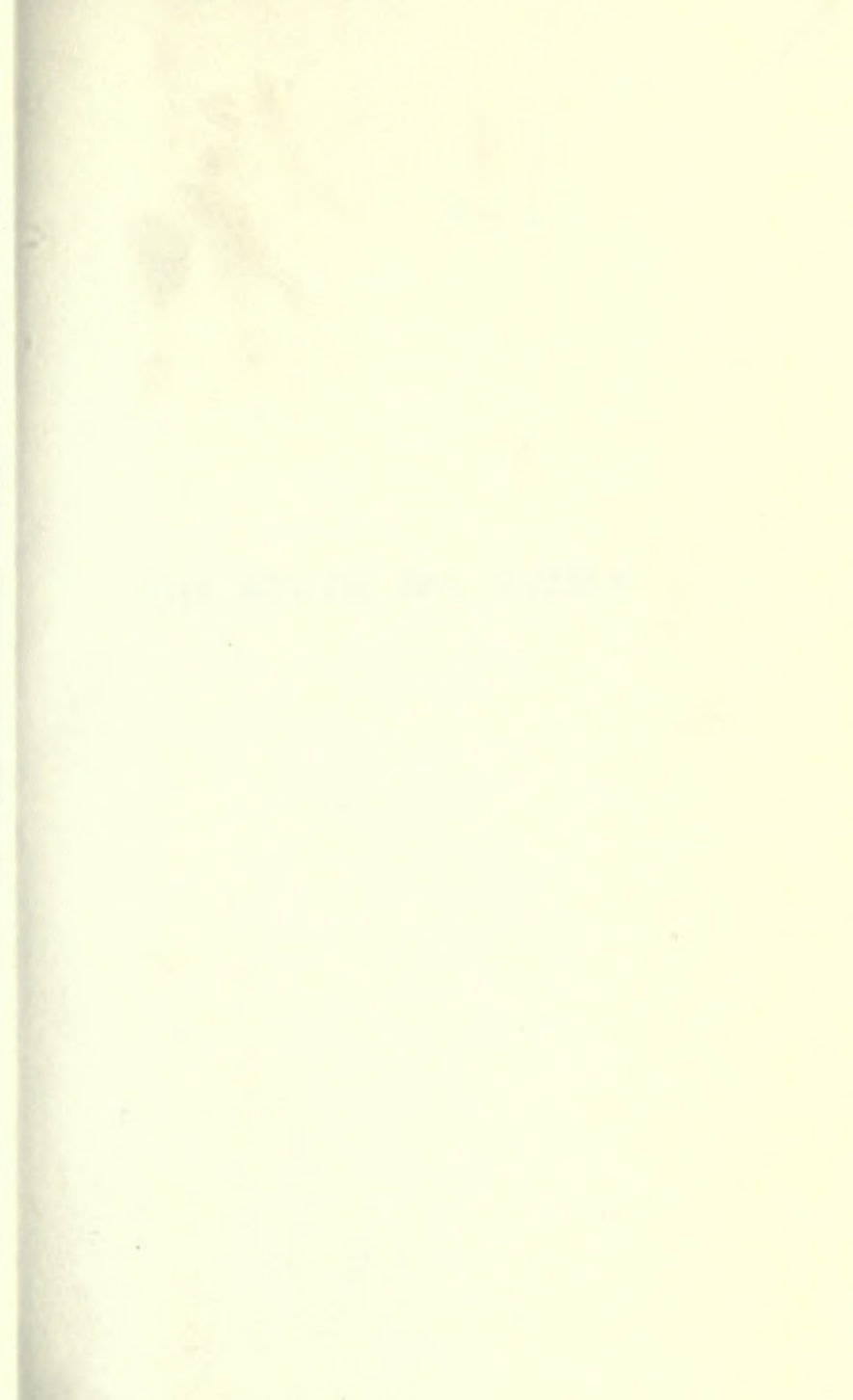




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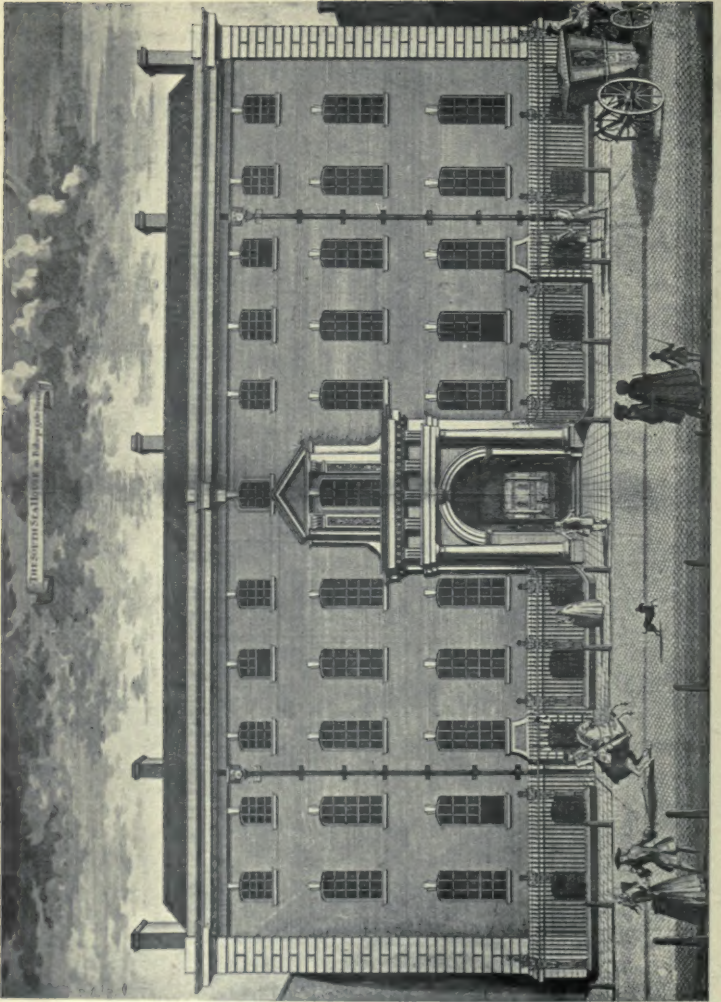
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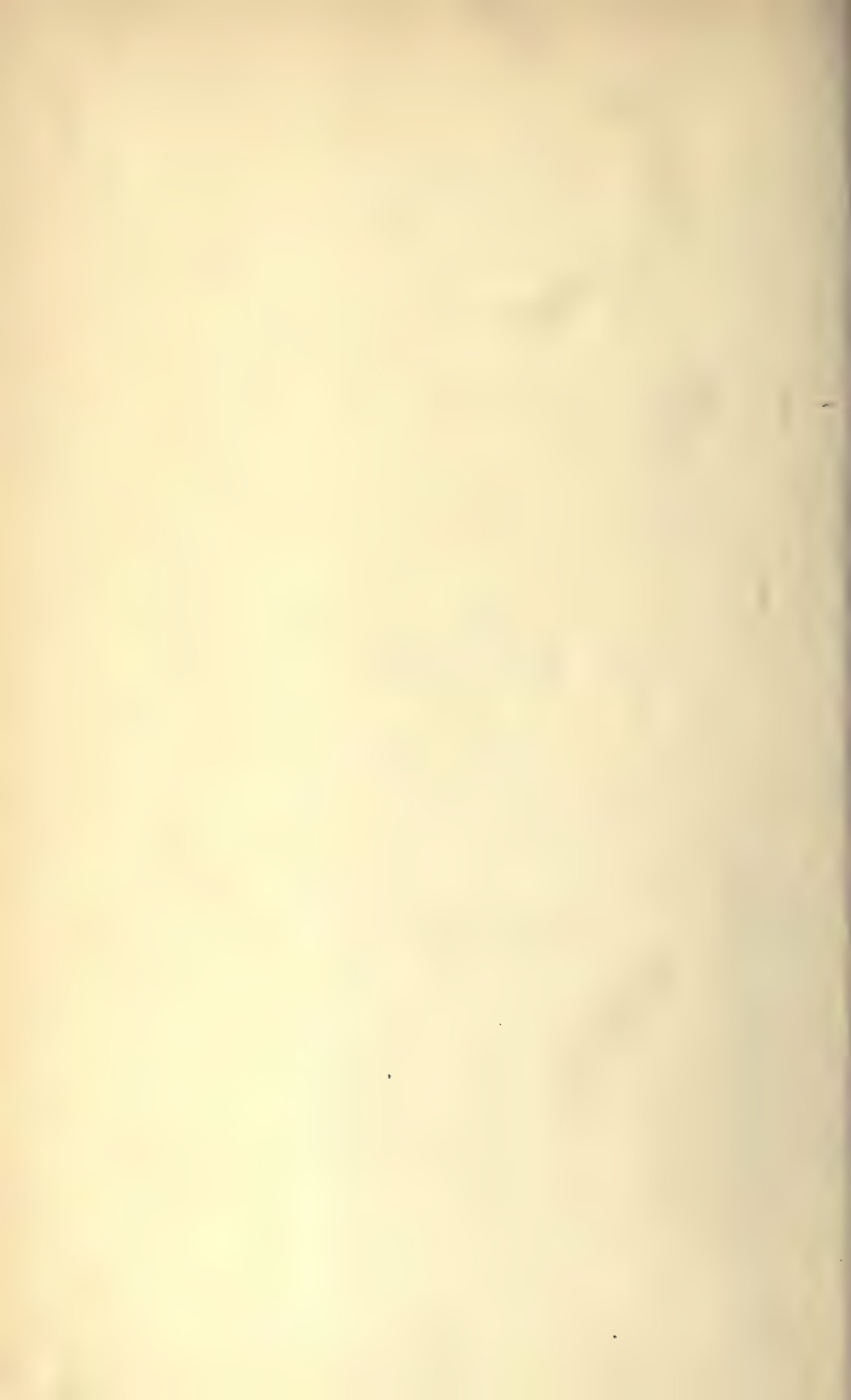
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**THE SOUTH SEA
BUBBLE** BY LEWIS
MELVILLE ⁽¹⁸⁴⁷⁾ PUBLISHED
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TO
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PREFACE

THOUGH two centuries have passed since it was inaugurated, the story of the rise and fall of the South Sea Company has not hitherto been told in detail. Yet in all contemporary memoirs it bulks even more largely than the rebellion of '15, and it certainly had consequences more far-reaching. It has, further, its human interest, insomuch as it is one of the most amazing instances of credulity, exhibited at one and the same time in all classes of society, in the history of the nation. There have, of course, been many other cases before and since, but none parallel with this. In 1825 there was a great promotion of industrial companies, the shares of which rose to prices that bore no relation to value ; and, later, there was the railway mania, with George Hudson as the leading spirit, when speculation was so madly indulged in, that, in the year 1847, the depreciation in the shares of the ten principal companies was calculated to be not less than £78,000,000. In recent times, too, there have been 'booms,' followed by the inevitable 'slump,' and many who gambled in the rubber market must rue the day when they took a hand in a game of the principles of which they were ignorant.

The story of the South Sea Company is simply the old, old story of Captain Rook and Mr. Pigeon. Founded by Robert Harley (who was created Earl of Oxford) in 1711, nine years later it took over the National Debt

on terms hopelessly disadvantageous to itself. Yet the scheme was so vast that its drawbacks were overlooked by many; and those who, ignorant of financial matters, invested in it could at least plead in mitigation of their folly that it was sanctioned by Government. Its £100 stock stood in January, 1720, at a little above par; in August, as the result of the manipulations of unscrupulous Directors, it was quoted at over £1,000; in December it had fallen to £125. A few acute speculators made fortunes, and among these was Robert Walpole, who bought at a low price and sold at the top of the market, netting many tens of thousands of pounds. Persons in all ranks of society were left penniless. The Duke of Portland had to sue for the Governorship of a distant colony, and held himself fortunate when his request was granted; Samuel Chandler, the Nonconformist divine, had to retrieve his fortunes by opening a bookseller's shop in the Poultry. Thousands of humble homes were ruined.

If it had been the folly and ignorance of the public that had brought about the disaster, it would have been bad enough; but, as a matter of fact, it was far worse. There had been bribery, there had been corruption, there had been robbery as well as jobbery. The reputations of many leading men in the financial and political worlds were destroyed. One Minister committed suicide; the Chancellor of the Exchequer and other members of the House of Commons were found guilty, expelled from Parliament, committed to the Tower, and their estates confiscated. The Prime Minister was arraigned. He was, indeed, acquitted, but only by 61 votes, and, since no statesman with any sense of decency, whom 172 members of the House of Commons openly declared they believed guilty of fraud, could even in an early

decade of the eighteenth century contrive decently to hold office, he had shortly to resign. He never again took a prominent part in the affairs of the nation. The King himself was reviled for his support of the Company, of which he was the Governor; and when it became known that the influence of his favourites at Court had been bought by illegal gifts of stock by which they might profit and could not lose, the indignation was so deep that if the Pretender had, as Atterbury wished, landed again in England, it is not beyond the bounds of possibility that the Stuart dynasty might have been restored.

The sources of information concerning the rise and fall of the South Sea Company are numerous. The principal authorities are the various Acts of Parliament relating to the Company, the Journals of the Houses of Parliament, the Reports of the Committee of Secrecy appointed by the House of Commons to investigate the proceedings of that corporation, the 'Political State of Great Britain,' Tindal's continuation of Rapin's 'History of England,' the 'Parliamentary History of England,' contemporary pamphlets by Defoe and others, and Coxe's 'Memoirs of Sir Robert Walpole.' Interesting side-lights are to be found in the Wentworth and Suffolk Papers, the 'Journal to Stella,' the Diary of Mary Lady Cowper, the correspondence of Swift and Pope, and in the numerous volumes issued by the Historical MSS. Commission (especially the Bath, Buckinghamshire, Carlisle, Clements, Fortescue, Ketton, Onslow, Portland, and Stuart MSS.). Information may also be gleaned from Macpherson's 'Annals of Commerce,' Stanhope's 'History of England,' and Wright's 'Caricature History of the Georges.' Brief accounts will be found in the anonymous pamphlet (which is largely a reprint of

passages from Maepheron's 'Annals of Commerce'), 'The South Sea Bubble and the numerous fraudulent projects to which it gave rise in 1720 historically detailed as a beacon to the unwary against modern schemes equally visionary and nefarious' (1825), and in Charles Mackay's 'Memoirs of Extraordinary Popular Delusions' (1841). The 'Bubble' playing-cards (a pack of which is preserved in the Print Department of the British Museum) must not be overlooked; while some idea of the trend of public feeling may be discerned in the contemporary prints, the best known of which was drawn by Hogarth.

I am indebted to the Controller of His Majesty's Stationery Office for permission to make quotations from various volumes of the reports of the Historical Manuscripts Commission.

LEWIS MELVILLE.

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CHAPTER I

The Early Years of the South Sea Company

1711-1719

WHEN Robert Harley¹ became Chancellor of the Exchequer in August, 1710, he was at once confronted with the necessity of putting the finances of the nation upon an improved basis. Before he had been in office for many months the matter had become urgent. Public credit, already severely strained by the expenses of the war, had been further affected by the dismissal of the Whig ministry; while the likelihood of an early discharge of the country's debts was so remote as to have occasioned a heavy fall in the prices of the securities; the Navy, Victualling, and Transport bills being actually at a discount of forty-five per cent. For the general good of the community, and incidentally to secure some measure of popularity for the Government, it was essential that provision should at once be made for discharging the National Debt, which amounted to more than £9,000,000—then regarded as an enormous sum.

On March 7, 1711, Harley informed the House of Commons that the question of making provision for the

¹ Robert Harley (1661-1724), created Earl of Oxford, May 23, 1711, when he exchanged the office of Chancellor of the Exchequer for that of Lord High Treasurer.

debt was under consideration ; but the discussion was perforce postponed, as on the next day the Minister was stabbed in the breast by the Marquis of Guiscard, who was being examined on a charge of treason by the Privy Council, and he was confined to his room for some weeks. In the meantime his brother, Edward,¹ proceeded to work out the scheme, presently to be known as 'the Earl of Oxford's Masterpiece,' and Harley had sufficiently recovered by May 2 to be able to submit it to Parliament. He stated that, in the circumstances, capitalists were reluctant to advance money at the usual rates, and it was obvious that exceptional advantages must be offered. His plan to satisfy the proprietors of all national debts was to allow them six per cent. interest, redeemable by Parliament at one year's notice after Christmas, 1716, and secured on the duties on wine, vinegar, tobacco, East India goods, wrought silk, whale-fins, and certain other articles, and to incorporate them to carry on a trade to the South Sea. If once settled, he declared with enthusiasm, this trade would bring to Great Britain vast riches from Peru and Mexico. The proposal was keenly debated, but the main idea was approved, and a Bill brought in on May 18, 1711, quickly passed both Houses and received the Royal Assent.

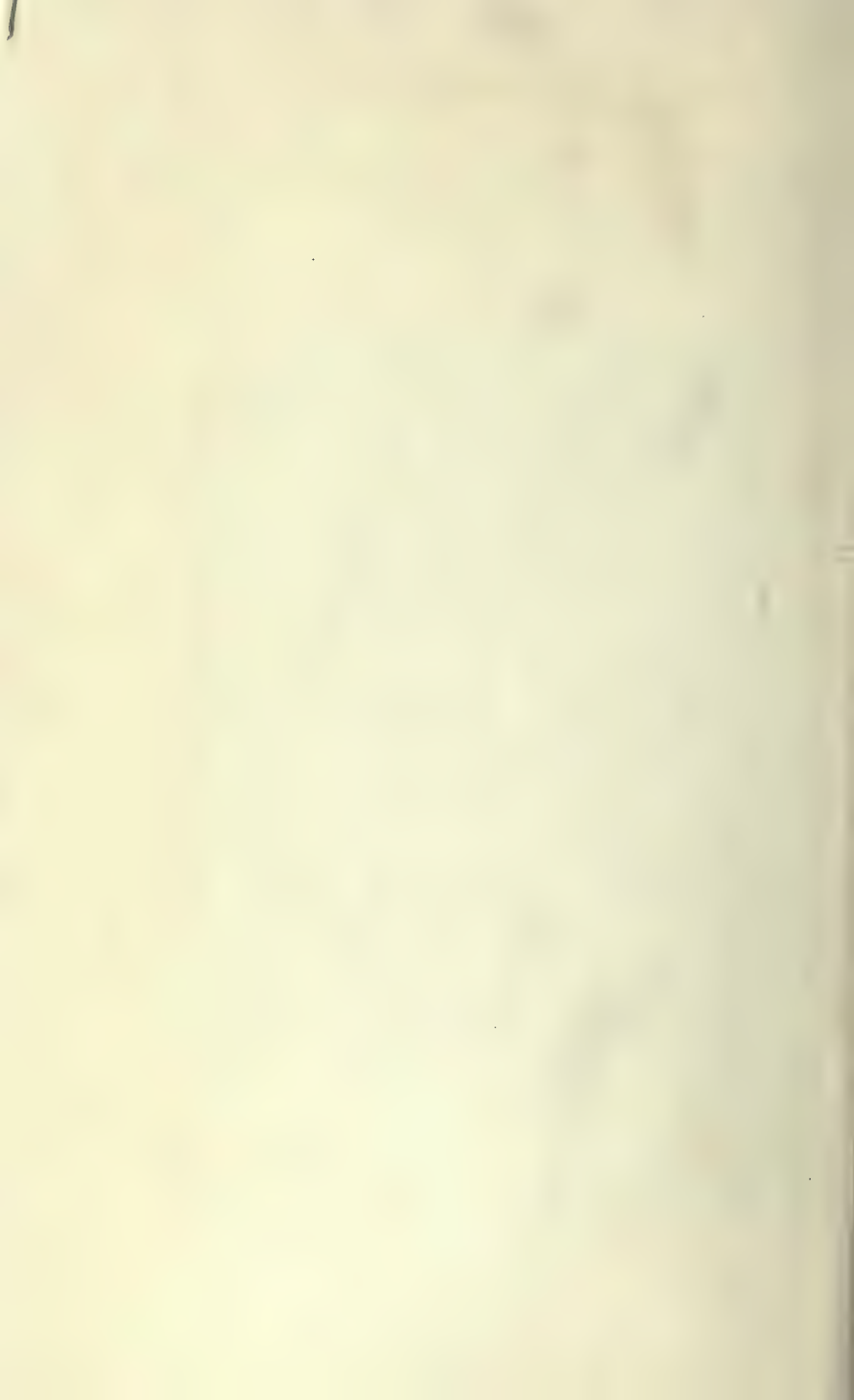
In order clearly to understand the scheme, it is necessary to print the principal clauses of the Bill :—

'To the intent that the trade to the South Sea may be carried on for the honour and increase of the wealth and riches of this realm, Her Majesty is hereby empowered to incorporate

¹ Edward Harley (1664–1735), M.P. for Leominster, 1698–1722. In 1702 he was appointed Auditor to the Exchequer, which post he held for life. He wrote 'The Memoirs of the Harley Family,' which have been printed by the Historical MSS. Commission in the *Portland MSS.*, vol. V.



ROBERT HARLEY, EARL OF OXFORD
From a painting by Sir Godfrey Kneller



all the proprietors of the said debts, in the usual style and form. This Act allows the Company £8,000 *per annum* for charges of management. And, for better securing the privileges of the Bank of England, this new Company shall not borrow money on their bills or notes on demand, nor at any less time than six months: neither shall they discount bills of exchange, nor any other bills or notes whatsoever; nor shall they keep any books or cash for any persons or corporations, excepting their own alone.

And whereas it is of the greatest consequence to the honour and welfare of this Kingdom, and for the increase of the strength and riches thereof, and for vending the product and manufacture, goods and merchandise of, or brought into, this Kingdom, and the employment of the poor, that a trade should be carried on to the South Seas and other parts of America, hereinafter mentioned, which cannot so securely and so successfully be begun and carried on as by a corporation with a joint stock, exclusive of all others. For the better encouragement of the members of the said intended company, be it enacted:

That this Company shall, from the 1st of August, 1711, be vested for ever in the sole trade and traffic, unto and from all the kingdoms, lands, islands, cities, towns, ports, creeks, and places, in America, on the east side thereof, from the river of Orinoco to the southernmost part of Terra del Fuego; and on the west side thereof, from the southernmost part of the said Terra del Fuego, through the South Seas, to the northernmost part of America; and into, unto, and from all countries, etc., within the said limits, which are reputed to belong to the crown of Spain, or which shall hereafter be found out or discovered within the said limits, not exceeding three hundred leagues from the continent of America, between the southernmost part of Terra del Fuego and the northernmost part of America, on the west thereof, except the kingdom of Brazil, and such other places on the said east side of America as are now in the actual possession of the crown of Portugal, and the country of the Surinam in the possession of the States-General of the United Provinces; it not being intended that the sole trade to any part of the east side of America, now in the actual possession of the crown of Portugal or the States-General, shall be granted by this Act: but it shall be and remain lawful for all Her Majesty's subjects to trade and traffic thither, as full and freely, in all respects, as they might or could do, if this Act had not been made.

‘None shall trade within those limits, but the Company, their agents, and factors.

‘The Queen may, in her intended charter of incorporation, empower the said Company to make laws for the good government of their trade, etc., and to inflict reasonable penalties, by imprisonment and mulcts, for any breach thereof.

‘Forfeiture of ships and merchandise, and double their value, for any but the Company, or those licensed by the Company, trading to, or frequenting, any part of their limits; one-fourth to the Crown, one-fourth to the informer, and one-half to the Company.

‘The Company to be the sole owners and proprietors of all islands, forts, towns, and places which they shall hereafter discover within their limits; to hold the same of the Crown, in free and common soccage by fealty, on the annual rent of an ounce of gold, if demanded.

‘All prizes of ships and merchandise, taken by the Company, shall be their sole property: for which end, they may seize by force of arms the persons, with their ships and goods, trading within their limits.

‘The Company’s bond shall charge as well their annual fund, as their other stock effects, and estate; and shall be assignable by endorsement. And it shall be felony to counterfeit this common seal or bonds, or to alter or utter the same knowingly.

‘The Company not to sail into any of the before-named limits beyond Terra del Fuego, except only through the Straits of Magellan, or else round the said Terra del Fuego; nor shall sail from thence unto any part of the East Indies; nor shall they return to Great Britain or to any other part of Europe, Asia, Africa, or America, by any other way except through the said Straits of Magellan, or by Terra del Fuego aforesaid: neither shall they trade in the goods of India, Persia, or China, nor in any other commodities of the countries within the limits of the East India Company. Nor shall this new Company’s ships sail farther west than the shores of Chili, Peru, Mexico, California, or any other shores contained between Terra del Fuego and the northernmost part of America, than three hundred leagues; under forfeiture of ships merchandise, and double the value: one-third to the Crown, and two-thirds to the East India Company.

‘And forasmuch as nothing can more conduce to the increase of the strength and riches of this kingdom, and the breeding of able seamen, than preserving and enlarging the fishery, the Queen may, in her Charter to this Company, direct a stock of

£20 upon every £100 of the capital stock of the Company, to be kept apart, and always employed for carrying on, improving and enlarging, the fishery of this realm, or any other fishery ; so as none other of the Queen's subjects be excluded the fishing trade. And as no calls of money for the fishery, or for any other parts of the Company's trade, be made but by order of a General Court, on a fortnight's notice.

' Neither the Governors nor Directors of this Company shall be capable of being such in the Bank [of England], nor in the East India Company, at the same time.'

The scheme fired the imagination of the British people, and the general public was anxious to participate in the benefits which, in its ignorance, it felt sure must accrue from it. ' Nor were the merchants slow in swallowing this gilded bait, and the fancied Eldorado which shone before them dazzled even their discerning eyes,' Stanhope has written. ' The exploits of Drake were quoted, and the dreams of Raleigh revived. This spirit spread through the whole nation, and many, who scarcely knew whereabouts America lies, felt nevertheless quite certain of its being strewed with gold and gems.'¹ To fan the flame came the rumour that Spain would cede to England four ports on the coasts of Chili and Peru, and folk at home saw themselves exchanging, at enormous profit, their manufactured goods for the wealth of the mines of Potosi and Mexico.

On June 27 a Commission was signed directing that the persons therein named, or any five or more of them, should, as soon as conveniently might be, provide one or more books for taking subscriptions to the joint or capital stock of the Corporation, to be erected in pursuance of a late Act of Parliament, for carrying on a trade to the South Seas ; that the said Commissioners should provide a convenient house to be the office or

¹ *History of England*, II., 3.

offices ; and at the said offices such subscription books should lie open every day, except Sundays, from eight to twelve in the morning, and from three to six in the afternoon, until July 7, unless the whole subscription to the said capital stock should be sooner completed.

The Commissioners thereupon began, on June 29, to receive subscriptions at Mercer's Hall, Cheapside, in the City of London, but owing to the time occupied in examining the title of the bills and debentures, only £2,000,000 was subscribed by July 7. The period for subscribing was then extended to the end of the month, by when another £2,000,000 of stock had been taken up. 'It is remarkable,' a contemporary writer stated, 'that £2,000,000 are ready to be subscribed for the use of the public as soon as the accounts of the various offices are made up, so that it may be computed that £6,000,000 are as good as subscribed ; and there's no doubt but the £3,500,000 remaining will also come in as soon as the subscription and transfer books are opened. Upon the whole matter the bringing so great an undertaking so near perfection in so short a time may well be reckoned among the wonders of Her Majesty's most glorious reign.'¹

The last step in the inauguration of Harley's scheme was a Royal Charter, dated September 8, 1711, which incorporated the subscribers of the debt by the name of the Governor and Company of Merchants of Great Britain trading to the South Seas and other parts of America. It ordained that the Company should have a Court of Directors,² and appointed the manner of the proceedings in that Court and in the General Courts,

¹ *Political State of Great Britain*, I., 448.

² The qualification for a Governor was £10,000 ; for a Director, £10,000 ; for a vote, £1,000.

the manner of elections, and the qualifications of the electors and elected. It further gave powers to the Company to appoint courts of judicature in their forts, factories, and settlements, for determining mercantile and maritime causes, with an appeal to the Queen in Council, and to raise a military force for the defence of their forts and settlements, as well as to acquire others within their limits. Immediately after the Charter was issued, the election of officers was proceeded with. Harley, now Earl of Oxford, was appointed Governor; Sir James Bateman,¹ Sub-Governor, and Samuel Ongley,² Deputy-Governor; while the Directors chosen were Sir Robert Beechcroft, Robert Benson,³ John Blunt,⁴ Charles Blunt, Sir Ambrose Crawley, George Caswell,⁵ Christopher Desbouverie,⁶ Samuel Clarke,⁷ John Deacle,⁸ James Doliffe,⁹ Matthew Decker,¹⁰

¹ Sir James Bateman, of Schobdey Hall, Herefordshire (d. 1718), merchant; knighted in 1701, in which year he was Sheriff of London; M.P. for Ilcester, Somerset, and afterwards for Eastlow, Cornwall.

² Sir Samuel Ongley, linen draper in Cornhill, 'said to be very rich, worth £10,000 a year' (*Le Neve: Knights*, 508). He, with Christopher Desbouverie and John Williams, was knighted on the occasion of presenting to Queen Anne an Address from the South Sea Company, June 23, 1713.

³ Robert Benson (1676-1731) succeeded Harley as Chancellor of the Exchequer, and held that office until 1713, when he was raised to the peerage as Baron Bingley.

⁴ John Blunt (d. 1732), originally a scrivener.

⁵ George Caswell, M.P. for Leominster, knighted 1718.

⁶ Christopher Desbouverie. See note 2 (above) on Sir Samuel Ongley.

⁷ Samuel Clarke, London merchant, knighted 1712.

⁸ John Deacle, M.P. for Evesham.

⁹ James Doliffe (d. 1715), knighted 1714.

¹⁰ Matthew Decker (1679-1740), writer on trade, M.P. for Bishop's Castle, created baronet 1716. In 1713 became a Director of the East India Company and retired from the management of the South Sea Company.

Henry Durley, John Fellowes, John Gore, Edward Harley, Sir Richard Hoare,¹ Sir Theodore Janssen,² Sir John Lambert, bart., Arthur Moore,³ Joseph Martin,⁴ Harcourt Master,⁵ George Pitt,⁶ Henry St. John,⁷ Jacob Sawbridge,⁸ Samuel Shepherd,⁹ Francis Stratford, Benjamin Tudman, Thomas Vernon,¹⁰ John Williams,¹¹ and Sir James Wishart.¹²

On August 5, 1712, Sir Ambrose Crawley became

¹ Sir Richard Hoare (1648–1718), banker, knighted 1702; Sheriff of the City of London, 1709; Lord Mayor, 1712.

² Sir Theodore Janssen (1658–1748), merchant, knighted 1696; created baronet 1714, M.P. for Yarmouth. After the 'bubble' burst in 1720, the Duchess of Marlborough bought Wimbledon Manor from him.

³ Arthur Moore (1666–1730), a Commissioner of Trade and Plantations, 1710.

⁴ Joseph Martin, London merchant, knighted 1712.

⁵ Harcourt Master, only surviving son of Gyles Master, of the Middle Temple, London, was knighted 1714. He was Receiver-General of the Land Tax for London and Middlesex. In 1720 he married Lady Betty Sidney, sister of the Earl of Leicester.

⁶ George Pitt, of Stratfieldsaye, Hampshire, M.P. for Southampton; the father of George Pitt, first Baron Rivers.

⁷ Henry St. John (1678–1751), Secretary of State 1710; created Viscount Bolingbroke, 1712.

⁸ Jacob Sawbridge, M.P. for Cricklade.

⁹ Samuel Shepherd, M.P. for Cambridge.

¹⁰ Thomas Vernon, of Twickenham Park, Middlesex. He was at one time secretary to the Duke of Monmouth. In 1710 he entered Parliament as member for Whitchurch, but on May 8, 1721, was expelled from the Commons for attempted corruption. 'He called Ross out of the Committee, and told him Aislabie's Bill was to come on, and offered him a large sum, which Ross refused, and then told the House' (*Portland MSS.*, V., 621). Whitchurch re-elected him in 1722 and he represented it until his death four years later. John Aislabie married his sister Judith.

¹¹ See note on Sir Samuel Ongley, p. 7, note 2.

¹² Admiral Sir James Wishart (d. 1723), knighted 1704, a Lord of the Admiralty 1710.

Deputy-Governor in the place of Samuel Ongley, who joined the Board of Directors; and, among the Directors, Charles Blunt, John Deacle, Matthew Decker, John Gore, Francis Stratford, and Benjamin Tudman were replaced by William Astell, Francis Acton, William Chapman, John Gore, William Hammond, Robert Houlditch,¹ and Thomas Reynolds.²

The South Sea Company now set up house in a massive building at the north-east corner of Threadneedle Street, where it enters Bishopsgate Street, in the City of London. The following description by Charles Lamb is not of the original building, which was burnt down in 1826, but of the new South Sea House which was erected in 1772-1773, where Lamb, himself, with his brother, was employed as a clerk towards the end of the eighteenth century. 'Reader,' says the great essayist, 'in thy passage from the Bank—where thou hast been receiving thy half-yearly dividends (supposing thou art a lean annuitant like myself)—to the Flower-Pot, to secure a place for Dalston or Shacklewell, or some other thy suburban retreat northerly—didst thou never observe a melancholy looking, handsome brick and stone edifice, to the left, where Threadneedle abuts upon Bishopsgate? I daresay thou hast often admired its magnificent portals ever gaping wide, and disclosing to view a grave court, with cloisters and pillars, with few or no traces of goers-in or comers-out—a desolation something like Balclutha's. This was once a house of trade—a centre of busy interests. The throng of merchants was here—the quick pulse of pain—and here some forms of business are still kept up, though the

¹ Robert Houlditch, Treasurer of the Stamp Office.

² Thomas Reynolds, a Commissioner of the Victualling Office

soul be long since fled. Here are still to be seen stately porticoes, imposing staircases, offices roomy as the state apartments in palaces—deserted or thinly peopled with a few straggling clerks; and still more sacred interiors of Courts Committee rooms, with venerable faces of beadles, door-keepers, directors seated in form on solemn days (to proclaim a dead dividend), at long worm-eaten tables, that have been mahogany, with tarnished gilt-leather coverings, supporting massive silver ink-stands long since dry; the oaken wainscots hung with pictures of deceased Governors and Sub-Governors of Queen Anne, and the first two monarchs of the Brunswick dynasty; huge charts, which subsequent discoveries have antiquated; dusky maps of Mexico, dim as dreams,—and soundings of the Bay of Panama!—the long passages hung with buckets, appended, in idle rows, to walls, whose substance might defy any, short of the last, conflagration: with vast ranges of cellarage under all, where dollars and pieces-of-eight once lay, an “unsunned heap,” for Mammon to have solaced his solitary heart withal—long since dissipated, or scattered into air at the blast of that famous Bubble. Such is the South Sea House.’ At the new offices of the Company was held on September 14 the first meeting of shareholders, and, after this, the concern could claim to be successfully launched.

There were not wanting, even in these early days, those who denounced the scheme as visionary. ‘I have met here,’ wrote A. Carleton, from Tunbridge Wells, October 10, 1711, ‘a pretty many Whigs whose inseparable qualities, malice and hypocrisy, were very apparent, some cunningly, others plainly, lessening the Ministers and public credit, especially the South Sea

Company, calling it a chimera, etc.'¹ Swift told 'Stella' on October 27 that the Chancellor of the Exchequer had shown him a ballad in manuscript against the Lord Treasurer and his project. 'It is very sharply written,' he added. 'If it is not printed, I will send it to you.'² It was printed, however, and has been preserved.

THE SOUTH SEA WHIM

To the tune of 'To you, fair ladies, now at land, etc.'

To you, fair ladies, now ashore,
 We South Sea cullies write,
 Your kind compassion to implore,
 This ditty we indite:
 Pity your brethren on the main,
 Compell'd to change our course in vain.
 With a fa, la, etc.

We are a wretched motley crew,
 More various than the weather,
 Made up of debtors old and new,
 Jumbled and rocked together;
 Tars, soldiers, merchants, transport, tallies,
 Chain'd in a row like slaves in gallees.

We furnish'd beer, we guns and balls,
 We ships or money lent,
 With hemp enough to serve them all;
 O may it so be spent.
 And since his payments are so few
 Give Cæsar what is Cæsar's due.

To fetch the navy pitch and tar,
 We passed the stormy Sound;
 But now our debts postponed so far,
 We must take t'other round;
 And e'er we have our own again
 Must shoot the Straits of Magellan.

¹ *Portland MSS.*, V., 98.

² *Journal to Stella.*

And we poor graziers of the plain,
 Who served them pork and beef,
 Must take hard words instead of gain,
 And charters for relief ;
 For good sound meet with a hogo
 They give us bills on Ter' del Fuego.

We honest tars that oft come home
 Without an arm or leg,
 Must hope no more for trulls or rum,
 But be content to beg :
 Our wages stopt without account
 The crew is all turn'd o'er to B——t.

Two scurvy letters, R and Q,
 Did long the sea infest,
 Made some dispute, and proved their due,
 But still they paid their rest
 This sweeping torrent none can stem,
 We're run aground on O and M.

But come, my lads, together stand,
 Let's suffer this no more :
 Shall we that on the seas command,
 Be bullied thus on shore ?
 No, no, my boys, pull the helm a-lee
 And heave the rogues into the sea.

On the foundation of the South Sea Company Swift had so far interested himself as to use his influence to secure the election as a Director of his friend Francis Stratford, and, shortly afterwards, to decide to invest in it. 'I am resolved,' he told 'Stella' on November 12, 1711, 'to buy £500 South Sea stock, which will cost me £380'—from which statement it is evident that the stock was at this time quoted at 76. Another eminent man of letters, and one who had some knowledge of affairs, Daniel Defoe, interested himself in the scheme and, before the Bill became law, he had already been in correspondence about it with Oxford. In the following year he published, as 'By the Author

of the *Review*, a pamphlet styled, 'An Essay on the South Sea Trade, with an enquiry into the grounds and reasons of the present dislike and complaint against the settlement of a South Sea Company.' In this *brochure* he discussed the advantages and drawbacks of the scheme, and laid due stress upon the weakness of the Company's position. 'The contrivers of this undertaking,' he wrote, 'know too well the temper, constitution, and state of affairs of the Spaniards in America, to have promised to themselves, that by any treaty, capitulation, or stipulation, either in New Spain or Old, they will ever be brought to lay open the trade of their Indies to the English, or indeed to any nation in the world. Perhaps they might be brought to admit a trade to particular places for provisions, fish, corn, or such things as they may more particularly want in those places for the subsistence of their people: or, they may be brought to treat with you for an assent or permission to bring negroes to them, a thing more proper for the African Company than for any other, and the reason for that may be only because they know not where else to have them. But that they will permit you to a free importation among them of your European manufactures and exportation of bullion from them is so contrary to the nature of their trade, so destructive to their own interest, and would be so fatal to the very life and being of the Spanish dominions in Europe, I mean as to commerce, that unless the Spaniards are to be divested of common sense, infatuate, and given up, abandoning their own commerce, throwing away the only valuable stake they have left in the world, and, in short, bent to their own ruin, we cannot suggest that they will ever, on any consideration, or for any equivalent, part with so valuable, indeed, so inestimable a

jewel, as the exclusive power of trade to their own plantations in America.'

The soundness of Defoe's objection was proved when the terms of the peace with Spain, signed in April, 1713, were made known. This treaty was far from favourable to the South Sea Company. It was very easy for English ministers to promise free trade with Spanish America, but it was found impossible to secure it. Philip V. would not even seriously consider such an encroachment upon his privileges. In October, 1711, Petkum's private correspondent at Paris had given it as his opinion that the utmost concession that could be wrung from Spain would be one port in the South Seas, with freedom of trade for twelve vessels; ¹ but this was more than was ultimately obtained. The Court of Madrid granted 'to her Britannic Majesty, and to the Company of her subjects appointed for that purpose,' an *assiento* for supplying the Spanish colonies with four thousand eight hundred negroes yearly for thirty years; leave to the Company to trade and settle factories at Panama, Portobello, Cartagena, Vera Cruz, Buenos Aires, and Havana, and to have agents in Jamaica and at Cadiz, Madrid, and to send yearly one ship of less than five hundred tons—and even this was permitted only on the condition that the King of Spain should have the profits of one-quarter of the trade and five per cent. of the profits of the other three-quarters.

Disappointing as were the terms of the treaty, there was, however, no sign of any loss of confidence in regard of ultimate gain on the part of the shareholders, though the Directors were greatly dissatisfied, and at their meetings voiced their feelings in strong terms. 'As

¹ *Round MSS.*, 361.

soon as the Act was passed, and the Company settled,' Edward Harley wrote, 'the avarice, ingratitude, and perverseness of the proprietors of the vast debt soon appeared, the majority of which, instead of complying with what was necessary for the ease of the Government, and the advantage of the Company, set themselves to embarrass everything that was proposed for the supporting the credit of this Company, and advancing their real interest. This baseness fully appeared after the Peace of Utrecht, by which the sole trade to the Spanish West Indies was vested in this Company, exclusive of all other nations except Spaniards; but such was the factious perverseness of some of the Directors, that were named by the Queen's charter, that they often in their Court endeavoured to represent the whole trade as a useless, unprofitable thing. The Auditor observing this, with great indignation proposed that they should immediately draw up a representation to the Queen to let her Majesty know their sitting there as a Corporation was only the keeping up a great charge upon the Government, without any advantage to the nation, and that therefore they should come to a resolution to surrender their Charter; for if the trade were of no value, their taking salaries for the management of it was a cheat and a gross imposition upon the nation, for as to the payment of interest to the proprietors, he would undertake it should be done by two clerks for £200 a year. The apprehension of this silenced these mercenary fellows.'¹

Active dissatisfaction was, however, allayed by a statement made by Oxford at a General Court of the proprietors held on June 2, 1713, that a licence had

¹ *Portland MSS.*, V., 658—'Memoirs of the Harley Family, by Edward Harley.'

been obtained from the King of Spain for two ships of six hundred tons, in addition to the annual ship, to trade the first year to the northern ports of Spanish America, and that the Queen would lend two ships to the Company to carry goods, factors, and servants. Upon the strength of this concession, the Company forthwith raised, by bonds, the sum of £200,000, to be used 'for carrying on their trade with vigour.' It presently transpired that the Queen, when making over the *assiento*, had not only made it a charge on the Company to pay Manuel Manares Gullingham, the Spanish agent at the Court of St. James's, seven-and-a-half per cent. of the profits resulting from the trade, but had reserved to herself a quarter share in the venture, albeit she was not prepared to furnish an equivalent amount of the cost of fitting out the expeditions. The Directors took an early opportunity to make it clear that they did not see the equity of the arrangement. 'Last Wednesday,' Matthew Decker, an ex-Director, wrote to Thomas Harley, February 19, 1714, 'we had a General Court of the South Sea Company, when was laid before them the *assiento* trade, as it was designed by the Queen to be given. Instead of joyful accepting, there rose a great many warm debates, mixed with some reflections, upon that trade, and the conclusion was that the proposals of the Court of Directors laid before the General Court should be printed, and to-morrow be given to the members; upon which the Court of Directors adjourned to Wednesday next. The slight, for I think I cannot call it anything else, may be repented by the Gentlemen of the South Sea, for it is still in the Queen's powers to give it to whom she please, and if I am well informed, something seems to be intended by the Court; if so, it may prove for the

benefit of the African Company.'¹ The Resolution of the Directors ran: 'That it is the opinion of this Court, that it may be proper to move the General Court to accept from Her Majesty the assignment of the two licences, and of such shares in the *assiento* contract as by the last draft of the assignment by Her Majesty (which the Court of Directors have received) are proposed to be assigned for the use of the Company so as the management of the said *assiento* contract may remain solely in the Company, and the Company be in all other respects on the same foot with the assignees of the other shares or parts of the *assiento* contract; and that such other assignees be effectually obliged to secure the paying into the Company their proportion of the money for carrying on the trade, and that the Company's accounting with such other assignees be made safe and easy to the Company.' This resolution was agreed to at the meeting of February 26; but an agitation was set on foot to induce the Queen to surrender her share in the *assiento*. This was successful, and her reluctant consent was on June 18 notified to the Company by Bolingbroke.² A few days later, the Company, pleased with this victory, proposed to present an Address 'both to return Her Majesty their most humble thanks for her great goodness in granting and making over to it the fourth part of the *assiento*, and most humbly to beseech Her Majesty that she would be graciously pleased likewise to make over to the Company the seven-and-a-half per cent.

¹ *Portland MSS.*, V., 385.

² The Queen's grant of her quarter share of the *assiento* not having been formally conveyed to the Company before her death, George I. confirmed it on his accession to the throne, as also that of the four ships.

reserved for Mr. Gullingham.' A copy of this Address was laid before the House of Commons, but the Ministers, who were asked to present it, 'did not think proper to charge themselves with it.' On July 19, an Address to the Queen, which contained no reference to the Spanish agent, was presented at Kensington by Samuel Shepherd, the Deputy-Governor of the Company. 'Your Majesty's most dutiful and loyal subjects, the Governor and Company of Merchants of Great Britain trading to the South Seas and other parts of America, and for encouraging the fishery, in General Court assembled,' it ran, 'have, with great pleasure and satisfaction, been acquainted by a letter from the Right Honourable the Lord Viscount Bolingbroke, Your Majesty's Principal Secretary of State, that, as a further proof of Your Majesty's goodness, and favourable intentions towards them, and to encourage to the utmost a vigorous prosecution of the *assiento* trade, Your Majesty has graciously resolved to grant to this Company the fourth part which, by the *assiento*, you had reserved to yourself: for which, as well as for all other instances of your Royal favour and particularly for Your Majesty's sign and manual, whereby you have been graciously pleased to assist them with four men-of-war for transporting to the Spanish West Indies their factors and merchandise, they do (as they are indispensably obliged) return Your Majesty their most dutiful and thankful acknowledgments. May God long preserve Your Majesty's most valuable life, whereon the welfare of your subjects, and the happiness of Europe, so much depends.' To this Address Her Majesty made the crushing reply: 'I thank you for your Address. I wish you good success in carrying on your trade, and hope you will make a better use

than you have hitherto done of what I have bestowed upon you.'

The rebuke was justified in so far as the Company, though three years had elapsed since it was inaugurated, had not yet dispatched a ship to Spanish America. As a matter of fact, however, it was at this time preparing an expedition; but in connection with this, misfortune after misfortune occurred. Captain Johnson, in command of one of the men-of-war appointed to attend the service of the Company, was suddenly and unexpectedly superseded; whereupon he made to the Directors a statement to the effect that he had been removed from his command for refusing to take on board his ship sixty tons of goods to be delivered on a private account. As a result of this communication, the Directors, on June 16, 1714, charged one of their number, Arthur Moore, 'with being privy to, and encouraging, a design of carrying on a clandestine trade to the prejudice of that Corporation.' Moore denied the accusation, which he stigmatised as false and malicious; but, upon a committee of enquiry being appointed, he, 'being apprehensive that, if any breach of trust should be made out against him, he should forfeit all the stock he had in the Company, prudently thought fit to transfer it next day.'¹ This was, not unnaturally, regarded as practically equivalent to a confession of guilt.

The matter made a great noise, and four days later the House of Commons resolved, 'That the Directors of the South Sea Company do lay before the House an account of all proceedings in the said Company, relating to the *assiento* trade, together with all orders, directions, letters, or informations, which the Directors, or any

¹ *Political State of Great Britain*, VIII., 540.

Committee of Directors, had received concerning the same,' and at the same time addressed Her Majesty, praying 'that she would be pleased to give directions that an account be laid before this House of all orders that had been sent to the Lords of the Admiralty for fitting any ships to attend the service of the South Sea Company and what directions had been given for altering the service for which such ships were under orders, and what representations had been made by the Admiralty upon that account.' The House of Lords held an enquiry, and Captain Johnson, summoned before it, 'gave an account how Arthur Moore had made him meet at his house Decoster [Da Costa (?)], the Jew,¹ and Deodil, an Irishman, to agree about keeping storage for sixty tons of goods not belonging to the Company; he scrupling of, the next news he heard was his ship was not to go the voyage.'² Other things to the detriment of Moore came to light, but the House of Lords did not pass any censure upon him. The Company, however, was not content to let the matter slide, and on July 7, at a General Court, at which nearly one thousand persons were present, passed resolutions: 'First, that Arthur Moore, Esq., while a Director of this Company, was privy to, and encouraged, a design of carrying on a clandestine trade, to the prejudice of this Corporation, contrary to his oath, and in breach of the trust reposed in him; and, secondly, that the said Arthur Moore, Esq., for such his breach of trust, be declared incapable of being a Director of, or having any other employment in, this Company.' There were

¹ Probably Abraham (otherwise John) Mendes da Costa (d. 1726), a City merchant, and the father of Emanuel Mendes da Costa, the naturalist.

² *Wentworth Papers*, 899.

many, however, who held Moore guiltless. 'There being no proof against him, and the majority of them being Whigs, we take it to be no discredit to him,' so runs a passage in a news-letter of July 8.¹ Bolingbroke was furiously indignant at the action of the Company; and a modern writer has remarked that 'the charges against Moore must be carefully discounted in view of the great hostility with which he was regarded, on account of his advanced views, by the bulk of the trading classes.'²

In 1715 the South Sea Company received the direct patronage of royalty, for the Prince of Wales consented to be nominated as Governor. At the elections in February, Sir James Bateman remained Sub-Governor, and Sir Ambrose Crawley gave place to Samuel Shepherd as Deputy-Governor. William Astell, John Blunt, George Caswell, Sir William Chapman, Sir James Doliffe, Henry Durley, John Fellowes, John Gore, Robert Houlditch, Sir Theodore Janssen, Sir Harcourt Master, George Pitt, Thomas Reynolds, and Jacob Sawbridge were re-elected as Directors; and the vacant places were filled by the Duke of Argyll,³ Sir Lambton Blackwell,⁴ Robert Chester, Peter Delaporte, Francis Eyles, Edward Gibbon,⁵ Francis Hawes,⁶ Daniel Hayes, Richard Horsey,

¹ *Portland MSS.*, V., 471.

² W. P. Courtney: Arthur Moore (*Dictionary of National Biography*).

³ John Campbell, second Duke of Argyll (1678-1743), soldier and statesman.

⁴ Sir Lambton Blackwell, who was knighted in 1697, subsequently bought the lordship of Spixworth, Redham, Hardley, and other manors in Norfolk.

⁵ Edward Gibbon (1666-1736), grandfather of the historian; merchant; for some years a Commissioner of Customs.

⁶ Francis Hawes, of Purley Hall, Reading, Cashier of the Customs; father of the infamous Lady Vane.

Jacob Jacobsen,¹ Charles Joye, Ambrose Page, Captain Hugh Raymond, Samuel Read, jr., Hon. Horatio Townshend, and Fisher Trench.² On March 15 William Hammond, an ex-Director, returned to the Board in place of Sir James Doliffe, deceased. These gentlemen held office for three years.

At last the *Bedford* and the *Elizabeth* were laden with the Company's goods, by virtue of two *cedulas* granted by the King of Spain in 1714, and they sailed, the first to Cartagena, the second to Vera Cruz. It was then that further trouble arose. The *Bedford's* cargo was confiscated by the authorities at the port of arrival on the pretext of over-tonnage, though when measured later it was found that the cargo was under the stipulated tonnage; and the Company complained bitterly that, besides the loss of their market, they had to pay heavy sums to the Spanish officers to obtain a suspension of the cargo, pending an appeal to Europe. The case of the *Elizabeth* was nearly as bad, for at Vera Cruz a very heavy duty was laid on the cargo, in spite of the fact that it had been explicitly exempted from duty on condition that the King of Spain should receive ten per cent. of the profits. Such treatment certainly did not encourage the Company to develop its trade to the South Sea, and there cannot be the slightest doubt that this was its object.

The credit of the country in 1717 was still far from satisfactory, and reference to this state of affairs was made in the King's Speech at the opening of the session.

¹ Sir Jacob Jacobsen, a London merchant. He was the father of Theodore Jacobsen, the architect of the Foundling Hospital and the Haslar Royal Hospital at Gosport.

² Fisher Trench, of Low Leyton, in Essex (1672-1736), M.P. for Southwark, 1713-1722; created baronet, 1715.

' You are all sensible of the insupportable weight of the national debts which the public became engaged for from the necessity of the times, the pressure of a long and expensive war, and the languishing state of public credit,' so ran the passage ; ' but the scene being now so happily changed, if no new disturbances shall plunge us again into straits and difficulties, the general expectation seems to require of you, that you should turn your thoughts towards some method of extricating yourselves, by reducing, by degrees, the debts of the nation.' Ministers then invited proposals from the Bank of England and the South Sea Company, and these great financial corporations made offers which were laid by Stanhope¹ before the House of Commons on May 20.

The South Sea Company, which by an Act of 1715 had increased its capital to £10,000,000, now proposed that it should, by subscription or otherwise, raise a further £2,000,000 which should be paid into the Exchequer and employed towards redeeming the principal and interest on the four Lottery Acts of 1711-1712 and the annuities of three per cent. payable for the bankers' debt contracted in the reign of Charles II. In return, the Company expressed itself not only willing to accept interest on this additional loan at the rate of five per cent. per annum, but also to accept five instead of six per cent. on the £10,000,000 already advanced.

Upon this proposal, and that of the Bank, arose a lively debate in the House of Commons. John Hungerford,² who had great experience of finance, did not

¹ James Stanhope (1673-1721), Secretary of State, 1714 ; First Lord of the Treasury and Chancellor of the Exchequer, April, 1717-March, 1718 ; created Viscount, 1717, and Earl Stanhope, 1718 ; again Secretary of State, 1718 until his death.

² John Hungerford (d. 1729), barrister, standing counsel for the East India Company, M.P. for Scarborough.

favour either scheme. 'I am of opinion,' he stated in a vigorous speech, 'that Parliamentary faith ought to be preserved untouched and inviolate, since, by keeping up its national credit, England is glutted with money and has become the general bank of Europe, while most other countries are reduced to great straits and are in need of specie. In particular, France has lost her credit, or, rather, never had any; and if there is any money in that kingdom, it is in the hands of the Regent—for what purpose I cannot say. But though Parliamentary faith must remain inviolate, I do not doubt but the wisdom of the representatives of the nation can find legal ways to reduce the interest of public securities, since Parliamentary faith consists only in the securing the payment of the capital sums advanced by private persons for the use of the public. I do not understand why the public should pay a higher rate than a private man; and I know by experience, and in the course of my business, that money can be had at four per cent. on good securities, for there is a member of this House who has lent me £20,000 at that rate. It is, therefore, to be hoped that the Committee, duly weighing all this, will offer to the House more reasonable proposals.' Hungerford, who, undoubtedly, voiced the sentiments of a not inconsiderable section of the House, was supported by Aislabe,¹ who protested that, 'of late years the companies of monied men are grown so uppish as not only to tread familiarly with Parliament, but even to pretend to dictate to it, and that, therefore, it is high time to give them a check, and let them know that the landed men and their representatives are the mainspring and stock of the

¹ John Aislabe (1670–1742), Treasurer of the Navy from 1714; Chancellor of the Exchequer, March, 1718.

wealth and strength of the Kingdom.' Aislabie moved that the business be postponed until the next session, but upon Stanhope urging that delay was undesirable, he withdrew his motion.

The debate was memorable for a passage of arms between Stanhope and Walpole,¹ after the latter had declared that the opposition was mainly influenced by the thought that he personally would derive some advantage from it, but this belief he stated had no foundation in fact. He remarked, in the course of his speech, that he had been happier as Secretary of State for the Southern Department, since financial matters were not of the greatest interest to him; but, he added meaningly, while he was at the head of the Treasury he would make up for any shortcomings by honesty and disinterestedness, and would content himself with the salary and lawful perquisite of his office, and, he concluded, 'though I have quitted a better place, I will not quarter myself upon anybody to make it up. I have no brothers, nor other relations, to provide for, and, upon first entering into the Treasury, I made a standing order against the late practice of granting reversions of places.' This was regarded, and rightly regarded, as an attack on Walpole, who replied so bitterly that it was generally thought that the matter would not be allowed by him to rest there. Consequently, when the Speaker² returned to the Chair,

¹ Robert Walpole (1676-1745) entered Parliament 1701, and soon became one of the leaders of the Whig party; Secretary-at-War, 1708-1710; Treasurer of the Navy, 1710-1711; First Lord of the Treasury and Chancellor of the Exchequer, October, 1715-April, 1717.

² The Hon. Spencer Compton (1673?-1743), M.P. for Sussex, Speaker of the House of Commons, 1715-1727; created Baron Wilmington, 1728, and Earl of Wilmington, 1730.

Hugh Boscawen¹ rose and remarked that, 'It was melancholy to see that any difference should happen between these members, unbecoming their own character and the dignity of that assembly, but that it would be a still greater misfortune if they should go out with any resentment,' and he moved, and carried, a Resolution, 'That the House lay its commands upon them that no further notice be taken of what had passed.' As showing the spirit of the age, it is worthy of note that Walpole frankly admitted that while in office he had sought to serve his relations and friends, than which, he declared, nothing was 'more reasonable or more just.'

It was not until 1717 that the Company's first annual ship, christened the *Royal Prince*, as a compliment to the heir to the throne, set sail for Vera Cruz. At the beginning of the next year the Prince of Wales, who had been the Governor of the Company for three years, retired, and on February 1 an Address was presented to the King, praying him to allow himself to be nominated in the stead of his son. A deputation of Directors carried the address to St. James's Palace, and His Majesty conferred a knighthood upon one of the number, George Caswell. On the same day a Royal message was sent to the House of Commons: 'His Majesty having received a very dutiful address from the South Sea Company, that he would be graciously pleased to permit himself to be elected Governor of the said Company, and His Majesty being willing to condescend thereto, recommends it to this House, to consider of proper methods to remove any difficulties that may arise

¹ Hugh Boscawen (d. 1734), Comptroller of the Household, 1714-1720; Joint Vice-Treasurer of Oxford, 1717-1734; created Viscount Falmouth, 1720.



GEORGIUS DG MAG BRITANNIAE
FRANCIE ET HIBERNIAE REX
FIDELI DEFENSOR

Ann. Nativ. Div. S. R. I. Arch. Incom. S. P. L. 1714

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on that occasion.' A Bill to enable the King to be Governor of the South Sea Company was passed by both Houses of Parliament, and on February 2 received the Royal Assent. This event was much commented on, both then and later. 'You remember, and so do I, when the South Sea was said to be my Lord Oxford's brat, and must be starved at nurse,' the Duchess of Ormonde¹ subsequently (April 18, 1720) wrote to Swift. 'Now the King has adopted it, calls it his beloved child; though perhaps you may say if he loves it no better than his son it will not say much: but he loves it as well as the Duchess of K[endal],² and that is saying a good deal. I wish it may thrive, for many of my friends are deep in it: I wish you were so too.' When the King became Governor of the Company, Sir John Fellowes, bart., and Charles Joye became, respectively, Sub-Governor and Deputy-Governor, Astell, Blackwell, Sir John Blunt, Chester, Delaporte, Francis Eyles, Gibbon, Gore, Hammond, Hawes, Horsey, Houlditch, Janssen, Jacobsen, Master, Page, Raymond, Read, Reynolds, and Sawbridge were re-elected as Directors; and the vacancies were filled by Sir Robert Chaplin,³ Stephen Child, James Edmondson,⁴ Arthur Ingram,⁵ William Tillard, and John Turner.

¹ Mary, the eldest daughter of the first Duke of Beaufort, who had married James Butler, second Duke of Ormonde.

² Countess Ehrengard Melusina von der Schulenburg (1667-1748), the mistress of George I., was in 1716 created Duchess of Munster in the Irish peerage, and, three years later, Duchess of Kendal in the English peerage.

³ Sir Robert Chaplin, bart. (d. 1728), London merchant M.P. for Great Grimsby from 1715 until expelled from the House of Commons in 1720; created baronet, September, 1715.

⁴ James Edmondson, Purser of H.M.S. *Anne*.

⁵ Arthur Ingram, M.P. for Horsham, Treasurer of the duties on Salt.

A second annual ship was launched in March, 1718, and named the *Royal George*, in honour of the new Governor ; but this vessel did not sail, because, before it weighed anchor, there was trouble between England and Spain. ' I am told Cardinal Alberoni told Stanhope in case the English helped the Emperor, the King of Spain would order all the South Sea effects to be seized,'¹ Sir Peter Redmond wrote to the Duke of Mar from Rome on February 12. This proved only too true, and the Company's goods and officials in the Spanish West Indies were seized, in spite of the clause in the *assiento* contract, which allowed that, in case of war breaking out, the Company should be allowed eighteen months in which to remove their effects. The Company, however, had never been given fair play by Spain, and, after this last outrage, it presented to the British Government a summary of its grievances, which, it must be confessed, were legitimate, and showed the difficulties under which the corporation had laboured. The memorial complained of the ill-treatment of the *Bedford* and *Elizabeth*, and it stated that the King of Spain by suspending the *Royal George* from sailing, after having on board a cargo of the value of £300,000, which was thereby much damaged, was a very great loss. It then enumerated the loss which was suffered by laying exorbitant duties on the Company's ship permitted to load fruit at the Canaries for the Spanish West Indies ; by laying duties on the purchasers of the Company's negroes ; by conniving at, and permitting, many negroes to be imported clandestinely by others, contrary to the *assiento* contract ; by obstructing the Company's officers from loading homeward, either tobacco or cocoa, likewise contrary to the *assiento* ; by false

¹ *Stuart MSS.*, V., 462.

measuring of the Company's negroes, and denying justice therein ; in delaying justice in law-suits against the Spanish officers, for extorting exorbitant fees for the negroes imported by the Company ; by obliging the Company's factors at Panama to pay the duties on slaves confiscated and insulted, contrary to the usage of former assientists ; for compelling the Company's factors at Panama and Havana to pay a duty of six pieces of eight for the burial of each negro ; in denying the Company's factors at Buenos Aires the lands stipulated by the *assiento* contract to be assigned them for raising cattle, provisions, etc., etc., for their negroes ; by extorting extravagant port charges there, for the Company's ships, and obstructing their purchasing goods there ; with other abuses at that port and at Panama ; and by the Spanish *guarda-costa* ships stopping the Company's *assiento* ships, and taking from them sundry things not contraband. The Company claimed that by the seizing of their effects it had lost £200,000, and it demanded redress. Representations to Spain produced an assurance that when peace was made, it would be indemnified, but, as a matter of fact, the Company was never fully reimbursed.

CHAPTER II

The South Sea Company Takes Over the National Debt

JANUARY—MARCH, 1720

THINGS were now to move very quickly with the South Sea Company, and during the year 1720 it is not too much to say that it almost monopolised the attention and interest, as it affected the fortunes, of all classes in the country.

The Company, seeing little opportunity to increase its trade with South America, thought to increase its receipts and to enhance its importance by enlarging its financial operations. Early in 1719 it saw its opportunity, and with great promptitude seized it. The Government was anxious to discharge the irredeemable debt, if this could be done on reasonable terms, and it proposed to make a beginning with the tickets of the Lottery of 1710, which were irredeemable annuities for thirty-two years from that date. Nothing could be more easy, said the South Sea Directors; pass an Act of Parliament converting these into redeemable principal sums at five per cent. interest, and the proprietors of the tickets of the Lottery can, by a voluntary subscription, be taken into the capital stock of the Company. The scheme was certainly feasible, and the terms were favourable to the public. As matters stood,

the nation was engaged to pay £135,000 per annum until Christmas, 1742, and also arrears for a year and a quarter. The Company asked for powers to increase their capital by £2,500,000. Of this amount they would devote £1,721,250 to taking in the annuities into their stock at twelve and three-quarter years' purchase (including the arrears), and would lend the Government the balance of £778,750. In return, they would receive interest on £2,500,000 at the rate of five per cent., that is, £125,000 per annum, and for charges of management £2,000 a year; the country saving £8,000 per annum. The proposal was accepted, and in July the Company opened their books for the subscription of the annuities.¹

The success which rewarded their efforts in this case impelled them to essay greater achievements, and in the autumn of the same year certain of the Directors became consumed with the ambition of making this Company the greatest financial concern ever imagined. This they proposed ingenuously to effect by incorporating the funds of the Bank of England, the East India Company, and the Exchequer with the capital of the South Sea Company. The audacity of the scheme was magnificent; but Sir John Blunt, who is said to have been the prime mover in the matter, cannot lay claim to praise for originality, since he merely proposed to

¹ The proprietors only subscribed annuities to the amount of £94,329 12s., which, at twelve and three-quarter years' purchase, made in capital stock £1,202,702 8s. As the Company issued the stock at £114 per cent., it made a handsome profit. The Company, therefore, had only in that proportion to advance to the Government £544,142 0s. 10d., so that their capital was increased only by £1,746,844 8s. 10d., and they received for charges of management only £1,397 9s. 6d. per annum.

introduce here, with variations, a project which had already been put into practice in France by John Law.

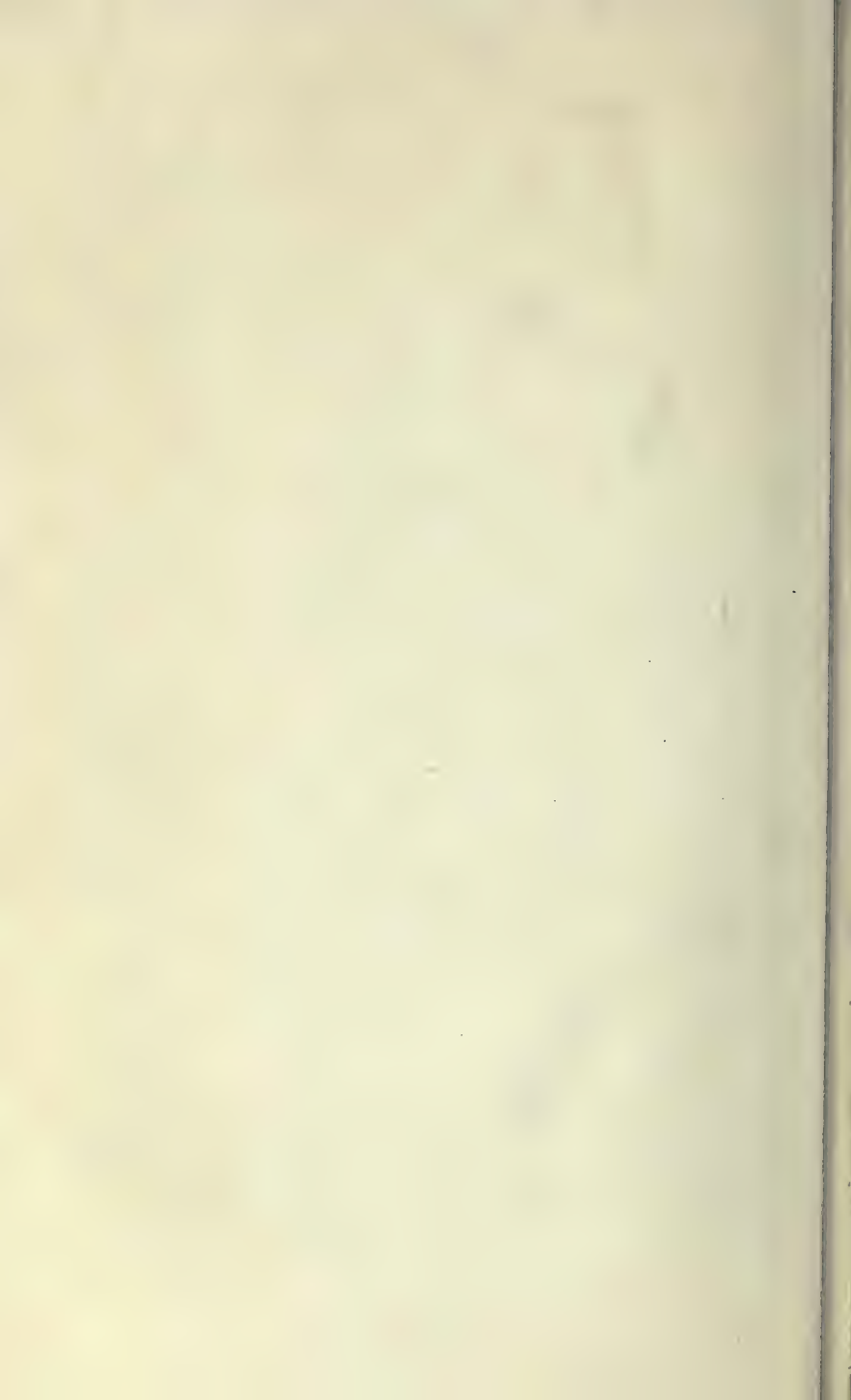
John Law, who was born in 1671, was the son of a well-to-do Edinburgh goldsmith. He went at an early age to London, where he plunged into dissipation, but his career in the metropolis was brought to an abrupt conclusion in April, 1694, when he killed 'Beau' Wilson¹ in a duel. He was convicted of murder, and sentenced to death, but contrived to escape abroad. At Amsterdam he studied finance, and when he returned to Scotland he published pamphlets on the subject, which brought him into considerable repute. Nine years later he suggested a State Bank for Scotland, but, although he had by this time gathered around him influential supporters, the scheme did not materialise. He soon went abroad again, and becoming a professional (but, there is no reason to doubt, an entirely honest) gambler, he had by 1715 amassed a fortune, estimated to have exceeded £100,000. During this period he had more than once made proposals, the object of which was to restore the public credit in France, which was at a very low ebb. Louis XIV., however, would have none of him; but the Duke of Orleans was favourably impressed by his gift for dealing with financial problems, and so were others, including Victor Amadeus, King of Sicily, afterwards King of Sardinia, who invited him to manage his exchequer, and Lord Stair,² the English ambassador, who wrote to Lord Stanhope that Law might be usefully

¹ Edward Wilson (d. 1694), better known as 'Beau' Wilson, a scion of an old Leicestershire family, a noted dandy, who lived in luxury, apparently on nothing a year. Much curiosity was evinced, and many speculations were rife, as to the source from which he derived his income.

² John Dalrymple, second Earl of Stair (1673-1747), Ambassador at Paris, 1715-1720.



JOHN LAW
Conseiller du Roy



employed in devising a scheme for reducing the English National Debt. In May of 1716, the year after the death of Louis XIV., Law, with the sanction and approval of the Duke of Orleans, now Regent of France, opened in Paris the Banque Générale. The success of this institution aroused the jealousy of the French bankers, who, not unnaturally, objected to such a privilege being conceded to a foreigner. To still this outcry, the Banque Générale was in December, 1718, converted into the Banque Royale, with its notes guaranteed by the Crown, and with Law as its Director-General. Law was now able to develop a long-cherished scheme. In August, 1714, he had inaugurated the Mississippi Company, for the purpose of colonising the province of Louisiana, which at that time included the territories drained by the Mississippi, the Ohio, and the Missouri, granted by the Regent; and in August, 1719, this Corporation, which had bought up the French East India, China, and African Companies, undertook to pay off the French public debts by giving the proprietors Mississippi stock.

In spite of the fact that the South Sea Company had been unable to carry out on an extensive scale its projected trade with Spanish America, it had, by the profits of its financial business, come to be regarded, and not without some reason, as in fairly flourishing condition. Its stock, which in the autumn of 1711 had been quoted at 76, had risen by the end of 1713 to 94½, though at the beginning of the following year the declining health of Queen Anne and the uncertainty as to what would happen after her death sent the stock down to 85. The fall, however, was not peculiar to this security, for the market generally was affected by the unsettled state of affairs, and Bank stock at this time

declined from 126 to 116. After the defeat of the rebellion of '15, South Sea stock was quoted at prices varying from par to 106, at which quotation it was a sound investment. When now, in the autumn of 1719, the Government declined to entertain Blunt's ambitious project, a rumour spread that the Company was about to launch some great project, and an eager demand for stock sent the price up steadily, until at Christmas it stood at 126.

Blunt, unperturbed by the reception accorded to one proposal, came forward at once with another, even more audacious. This was nothing less than to relieve the country of the National Debt by reducing all the funds into one under the control of the South Sea Company. The scheme was so magnificent, so far-reaching, that it is no wonder that it attracted attention outside financial circles. 'If any of the days of us or our forefathers might be called the *projecting* age, I think this is the time,' a contemporary wrote. 'If ever there was a nation that had been twenty-three years ruining itself and recovered in a moment, this is the time. If ever a Government paid its debts without money, and exchanged all the cash in the kingdom for bits of paper, which had neither anybody to pay them for, or any intrinsic fund, to pay themselves, this is the time. If ever a credit was raised without a foundation, and built up to a height that not only was likely to fall, but indeed was impossible to stand, this is the time.'¹

Blunt's second suggestion would probably have gone the way of the other, but for the fact that its projector, profiting by his previous experience, had learnt to walk more warily. This time he went direct to Aislabie, now Chancellor of the Exchequer in succession to Benson,

¹ *Original Journal*, December 17, 1719.

who had been 'kicked upstairs' as Baron Bingley. Blunt was clever enough to realise that the Minister was avaricious, and unscrupulous enough to endeavour to take advantage of the weakness. At first he hinted, and then stated outright, that, without any possibility of loss, and without putting down a single penny, vast wealth could in all probability be acquired by those primarily concerned with the promotion of the necessary legislation. Aislabie was won, at what cost will presently transpire. A similar course was then pursued with James Craggs the elder, who, although he held only the minor office of Joint Postmaster-General, yet was regarded by the Government as an authority on finance. Other powerful interests were conciliated and, the ground being carefully prepared, the campaign opened.

As the result of these preliminary steps, it was arranged that the matter should forthwith be dealt with, and, as a first step, in the speech with which the King opened Parliament on November 23, the words, addressed to his faithful Commons, were inserted, 'I must desire you to turn your thoughts to the proper means for lessening the debts of the nation': to this was made the dutiful reply, 'We assure Your Majesty that we will apply ourselves to find out the best means for lessening the debts of the nation and supporting the public credit.' On the following January 22, Aislabie presented to the House of Commons a proposal from the Company. 'The Corporation of the Governor and Company of Merchants of Great Britain, trading to the South Seas and other parts of America, and for encouraging the fishery,' so ran the preamble, 'having under their consideration how they may be most serviceable to His Majesty and his Government, and to show their zeal and readiness to concur in the great

and honourable design of reducing the national debts, in such manner as may be consistent with, and for the support of parliamentary credit, do humbly apprehend, that if the public debts and annuities were taken into, and made part of, the capital stock of the said Company, it would greatly contribute to that desirable end.' Then followed an estimate of the debts and annuities :—

Annuities for term of years.

	£	s.	d.
Annuities granted for 99 years or 96 years, amounting to £667,705 8s. 1d. per annum, which, at 20 years' purchase, amount to	13,354,108	1	8
Lottery 1710, remaining unsubscribed to the Company, about £40,670 8s. per annum, which, at 14 years' purchase, amounts to	569,385	12	0
Annuities of £9 per cent., amounting to £81,000 per annum, at 14 years' purchase, amount to	1,134,000	0	0
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	15,057,493	13	8

Debts redeemable by Parliament.

Total after the rate of £5 per cent. per annum	£11,795,466	5	6½
Total after the rate of £4 per cent. per annum	4,128,752	7	4
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	£15,924,218	12	10½

It had all along been perfectly clear to Blunt that Parliament would not accept the scheme merely for the love of the Company, and that, therefore, it behoved the Directors to make the scheme palatable to the nation. Into the minor details of the proposal it is not necessary to enter: the main feature was that, for the liberty to increase their capital stock by this vast amount, the Company would pay into the Exchequer the sum of £3,500,000. Upon this, Aislabie,

when he spoke in favour of the proposal, naturally dwelt with emphasis. When he sat down, James Craggs the younger, Secretary of State for the Southern Department, rose, and congratulated the nation upon the prospect it had of getting out of debt so much sooner than had been generally expected. He spoke at some length, and, in conclusion, said, so a report has it, 'that no other regular motion could be made, than that the Chairman [of the Committee of Ways and Means] should report our having made some progress, and desiring leave to sit again; for that he took for granted every gentleman's being ready and willing to receive a proposal from the South Sea Company, upon the foot of what had been so well opened.' It seemed as if the House would accept this, for no one seemed eager to continue the debate, but just as Craggs was about to make his motion in form, Arthur Brodrick¹ intervened. 'I readily agreed with the two gentlemen who had spoken,' he described his speech in a letter to his brother, Viscount Middleton, 'that till the national debt was discharged, or at least in a fair way of being so, we were not to expect making that figure we formerly had. I said I could go further, making use of the expression of a gentleman [Archibald Hutcheson]² who told us in a former Session that, till this was done, we could not properly speaking call ourselves a nation; that therefore every scheme or proposal tending thereto ought to be received and considered. But that the occasion of my now speaking was, that the first gentleman who spoke seemed to me to recommend the scheme

¹ Arthur Brodrick, M.P. for Stockbridge, brother of Alan Brodrick, Viscount Middleton (1660 ?-1728), Lord Chancellor of Ireland, 1714-1725.

² Archibald Hutcheson, M.P. for Hastings.

not only in opposition to, but even exclusively of all others; and that the next had chimed in with him; that I hoped, in order to make the best bargain we could, every other company, nay, any other society of men, might be at as full liberty to make proposals as the South Sea Company, since every gentleman must agree this to be the likeliest way to make a good bargain for the public.' ¹

The effect produced by Brodrick's speech was much greater than he had expected. 'Our great men,' he added, 'looked as if thunderstruck, and one of them in particular turned as pale as my cravat.' ² The person who changed colour was, no doubt, Aislabie, for there was a report current that the bargain had been made at Lechmere's ³ chambers between him and Sir George Caswell and other South Sea Directors, and that after the conference he had invested £27,000 in the Company's stock, never doubting that the scheme would be accepted and that, upon the acceptance, the price of the stock would rise. Anyhow, it was Aislabie who, in the subsequent course of the debate, stated heatedly, 'Things of this nature must be carried on with a spirit.' To this Sir Joseph Jekyll ⁴ took exception, 'This spirit is what has undone the nation,' he declared.

¹ *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 182.

² Coxe's *Memoirs of Sir Robert Walpole*.

³ Nicholas Lechmere (1675-1727), Solicitor-General, 1714-1718; Attorney-General, 1718; appointed for life in 1718 Chancellor of the Duchy of Lancaster. He resigned the office of Attorney-General on May 7, 1720. He was raised to the peerage in the following year. He had married Lady Elizabeth Howard (d. 1727), daughter of Charles Howard, third Earl of Carlisle.

⁴ Sir Joseph Jekyll (1663-1738), M.P. for Lymington from 1697 until his death; Master of the Rolls, 1717-1738.

'Our business is to consider thoroughly, deliberate calmly, and judge of the whole upon reason, not with the spirit mentioned.' When Aislabie explained lamely that he 'only meant that credit was to be so supported' he was greeted with laughter. Walpole, who, at this juncture, did not express himself as unfavourable to the design, asserted, however, that some details required amendment. Then Lechmere, instead of replying to the ex-Minister, proceeded to attack him with reference to a scheme which had earlier been put forward by him. Walpole, never a safe man to attack, rose again, and proved conclusively that Lechmere had distorted facts, and emphasised the weaknesses of the South Sea proposal. Lechmere began to retort, but the House would not listen, and when the Chairman cried, 'Order! Hear your member' there were cries, 'We have heard him long enough.' In the end it was carried by 192 to 36 votes that other proposals should be entertained. 'Whether the Bank [of England] will make a proposal (as is generally expected) I know not,' Brodrick commented; 'but I am very well satisfied many a fair pound will be saved to the public, even by the very proposal the South Sea Company will make. For this affair is in a very different situation from what they expected upon concerting within doors, and consequently a great many will fail in their hopes; for when the bargain will not bear it, they must be quiet.'¹

Further consideration of the matter was postponed for five days, when the Bank put forward a scheme, in which it offered £5,000,000 to the Exchequer. The South Sea Company now applied for permission to revise its proposal, and, this being permitted, it offered

¹ *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II.

£7,567,000 in case all the debts should be subscribed, and in that proportion for any part of them, and undertook further to pay for the use of the public one year's purchase of all such of the long irredeemable annuities as should not be brought into the capital. This mad auction concluded with the Bank's second proposal in which it expressed its willingness to give £1,700 Bank stock for every £100 irredeemable long annuity.

The situation was, perhaps, best summarised by Brodrick in a letter to his brother, dated February 2. 'Yesterday,' he wrote, 'the Committee of the whole House came to a resolution to accept the South Sea proposal, which is to be reported (and will be agreed to) this day. That you may comprehend how this affair has been managed, I'll give you a short detail of the whole. You know by my former letters that Mr. Aislabie, when he opened the scheme, concluded that they would offer £3,000,000 to the public towards payment of the National Debt, applauded their candour in going the greatest length the thing could bear, and concluded with the greatest benefit to the nation. The South Sea Company, foreseeing that the House was resolved to hear every proposal that any other company should make, became sensible that the Bank would be able to offer a much better, and, therefore, in that which they advanced in writing, advanced £500,000, when at the same time the Bank outbid them full £2,000,000. This put them under a necessity to desire that they might amend their proposal, which was easily granted, the generality of the House being for making the best bargain for the public. Yesterday they gave a second proposal in writing, by which they made the £3,500,000 (which they formerly bid) £4,000,000, payable by four quarterly payments. This they were to

pay in all events. They further offered, that instead of three years' purchase, which the Bank had proposed to pay, out of the long terms (which, for distinction, we call the irredeemable funds) they were willing to pay four-and-a-half years' purchase, which (upon supposition the whole should be taken in) does amount to about £3,000,000 more, and to show that they would truly endeavour doing so, they submitted to pay one year's purchase certain, in the nature of a *nomine penso*, which one year's purchase amounts to above £660,000 odd. They had, by their first proposal, demanded a continuance of the present interest of five per cent. for seven years, when the whole was to be reduced to four; which, by this proposal, they reduce to four years, the Bank having in their proposal offered the same—the saving upon this head amounts to £300,000 yearly; and, lastly, they propose to circulate £2,000,000 of Exchequer Bills, for the term of four years, gratis—the saving upon this head is £50,000. Upon the whole, instead of £3,000,000, which they first offered, they are now to pay above £5,000,000 certain, to which is to be added the contingency of £2,500,000 more, upon their purchasing in the long terms, which it is their interest to do, and consequently they will. Whoever had heard how highly the first scheme was applauded, how earnestly recommended for our acceptance, and how very near it was to be so, would stand amazed that ever the public (in any instance) should be so fortunate as to more than double the sum intended for them; but this has for once happened. It is not vanity in me to say that this is due to my motion, because even those who I am sure wish me ill are pleased to congratulate me (from the teeth outward) upon the very vast advantage accruing to the public thereby. I will

not say the first scheme was formed in order to any particular set of men finding their account in the acceptance of it, but am sure it is as plain as the sun there was room enough in their doing so. The calculators show that by the first scheme the National Debt would have been discharged in twenty-eight years, and even this prospect pleased people; but it is now demonstrable it will be done in less than eighteen.’¹

Of Brodrick’s good intentions there can be no doubt, but the permitting of this rivalry between the great financial corporations was one of the causes of the trouble that was to come, since, in the desire to secure the contract, schemes were put forward that could not honestly be carried out without great loss, which loss, ultimately, was bound to fall, and, as is now known, did fall, on the proprietors of the annuities. This point was seen very clearly by Walpole, who strenuously opposed the South Sea Bill, and supported the offer made by the Bank of England. ‘In vain he displayed the fallacy of the South Sea scheme, and the great difference between that and the Bank, by showing that the Company was not limited in the price they were to put on the stock made over to them; whereas the Bank offered a specific sum of £1,700 stock for every £100 in the long annuities, and the same proportion for the short annuities,’ his biographer has written. ‘In vain he urged that it countenanced the pernicious practice of stock-jobbing, by diverting the genius of the nation from trade and industry; that it held out a dangerous lure for decoying the unwary to their ruin by a false prospect of gain, and to part with the gradual profits

¹ *Middleton Papers*, quoted in Coxe’s *Memoirs of Sir Robert Walpole*, II., 184.

of their labour for imaginary wealth. In vain he insisted that if the proposal of the South Sea Company should be accepted, the rise of their stock ought to be limited. In vain he dwelt on the miseries and confusion which then prevailed in France from the adoption of similar measures. In vain he argued that as the whole success of the scheme must chiefly depend on the rise of the stock, the great principal of the project was an evil of the first magnitude ; it was to raise artificially the value of the stock by exciting and keeping up a general infatuation, and by promoting dividends out of funds which would not be adequate to the purpose. In vain he predicted that if the establishment succeeded, the Directors would become masters of the Kingdom, and control the resolutions of the Legislature ; or if it did not succeed, the failure would cause a general discontent. He closed his speech by observing, that such would be the delusive consequences, that the public would conceive it a dream.'¹

So alarmed was Walpole at the inevitable consequences he foresaw that, not content with speaking against the project, he brought the pen into action, and published a pamphlet embodying his views, entitled, 'The South Sea Scheme Considered.' All his efforts were useless. He whose every word had earlier been listened to with the closest attention was now a voice crying in the wilderness, and when he rose in the House of Commons to speak on the South Sea Bill members flocked into the lobby. Nor was he the only person to perceive the danger of the vast financial corporation that was being called into being. 'The South Sea Company and their friends,' Edward Harley wrote to Lord Oxford, February 2, 'being resolved to have the project, made yesterday

¹ Coxe : *Sir Robert Walpole*, I., 130

an offer to pay £7,000,000, which is an advance of £3,500,000 above the first proposal, and £1,500,000 above the Bank. The Committee last night, and the House to-day, have agreed to their proposal, and ordered a Bill to be brought in for the same, so that now your dirty ditch is filled with a capital of about £40,000,000.' ¹

The power which such a great financial corporation might, and probably would, wield was remarked upon by Erasmus Lewis, ² also in a letter to Oxford, February 13. 'As I doubt not that you are well diverted by the accounts of many fantastical events that pass,' he wrote, 'you will, however, have a more than ordinary pleasure to hear of the prosperity of your own child, the South Sea Company, for since you suckled and nourished the infant, it is grown prodigiously, I had almost said to an unnatural bulk. What effects this may have upon the State nobody can penetrate further than yourself, but sure the least discerning eye can discover that a body of men, with a stock of £43,000,000, and credit for as much more, acting by united counsels, must fill the House of Commons, and rule this little world.' ³ This point, too, was made also by Edward Harley, junior, ⁴

¹ *Portland MSS.*, V., 591.

South Sea, present capital . . .	£11,746,844	8	10
Purchase of the redeemable debts .	15,924,218	12	10½
Purchase of the irredeemable debts.	15,057,493	13	8

£42,728,556 15 4½

² Erasmus Lewis (1670-1754), at one time secretary to the Earl of Oxford. In 1713 he was returned to Parliament as member for Lostwithiel. He was an intimate friend of Swift, Pope, Gay, and other men of letters.

³ *Portland MSS.*, V., 592.

⁴ Edward Harley, junior (1689-1741), succeeded his father as second Earl of Oxford, 1724.

who told his aunt Abigail Harley¹: 'Tis said very justly, I think, that the South Sea will have the greatest hand in choosing the next Parliament, whenever a new one is called.'² That there was much truth in these prognostications there can be no doubt, but it was never proved because before the next dissolution of Parliament the South Sea Company was hiding its diminished head in the deepest obscurity.

After the revised proposal of the South Sea Company was accepted by the House of Commons, and leave was given to bring in a Bill, a pamphlet war sprang up, and was conducted by both sides with the utmost virulence. One of the first of these *brochures* appeared early in February, and was entitled, 'A Comparison between the Proposals of the Bank and the South Sea Company, wherein is shown that the proposals of the first are much more advantageous to the Public than those of the latter, if they do not offer such terms to the Annuitants as they will accept of.' The anonymous author's argument is, 'That it is every honest man's duty to give his utmost assistance to so desirable a work as the discharging the nation honourably of the dreadful burden of the public debt; that, therefore, he offers such considerations as to him appear necessary to make the attempt effectual that it may not end in a job to get plumbs for a few projectors, ruin thousands, and disappoint the public; and that, as he thinks it the highest crime, so he wishes the greatest punishment was inflicted upon any persons in His Majesty's Councils and the management of his finances, who shall presume to stock-job and buffet about the public revenues, and,

¹ Abigail Harley (1664-1726), daughter of Sir Edward Harley, and sister of the first Earl of Oxford.

² *Portland MSS.*, V., 593.

by the knowledge of their own intentions, to raise or depress them at their pleasures and as they see their advantages.' This author regrets that the proposal of the Bank of England had not been acceptable to Parliament, because, in his opinion, the Bank was an institution founded on a more solid basis and one that had already rendered good service to the public. The Bank, he contended, had the advantages, firstly, of a great credit, and, secondly, had some £4,000,000 of the public debt engrafted in its stock. In a concluding paragraph he put his finger upon a vital defect in the scheme. 'I hope,' he wrote, 'I shall not deserve the imputation of calumny if I surmise that no member of the South Sea Company can oppose a proposition so reasonable as that they should be obliged to declare what conditions they will give their annuitants ; but such who design not the public interest but their own, who intended us a Mississippi Company, would have had vastly greater advantages squandered away for less than half the sum which is now offered, and who have been cooking up a project for seven or eight months last past, under the pretence of paying off the public debts, but, in truth, to unburden the public, and enrich themselves, and who, if they are let alone, will turn this design into a private job, and when they have worked up their stock by management to an unnatural price, will draw out, and leave the public to shift for itself, till the season comes round again for gathering new plums.'

Steele¹ took a hand in the controversy, and published two pamphlets, 'The Crisis of Property' and 'A Nation a Family : being the sequel of The Crisis of Property.'

¹ Sir Richard Steele (1672-1729), M.P. for Boroughbridge, the famous man of letters.

In the following month (March) appeared 'An Argument to show the Disadvantage that would accrue to the Public from obliging the South Sea Company to fix what capital stock they will give for the Annuities'; and this at once produced 'A Letter of Thanks from the Author of "Comparison between the Proposals of the Bank and the South Sea Company, etc.," to the Author of "An Argument."' The author of 'A Letter' quotes the other writer, 'That as the annuities are the most burdensome part of the debt that the nation labours under, and the prospect of paying off these being the chief inducement of the Committee to accept of the whole proposal, so those who undertake are both liable and willing to do it,' and then comments, caustically, 'I must confess that you have taken the most proper medium to prove that the South Sea Company will do it, by endeavouring to show that it will be their interest to do so: otherwise, I suppose, no man living will expect it from them.'

On March 17 the Chancellor of the Exchequer presented to the House of Commons, 'A Bill for enabling the South Sea Company to increase their capital stock and fund, by redeeming such public debts and encumbrances as are therein mentioned, and for raising money to be applied for lessening several of the public debts and encumbrances, and for making forth new Exchequer Bills in lieu thereof, to be circulated and exchanged upon demand, at or near the Exchequer.' The Bill was read a first and second time, and on March 28 the House went into Committee, when a Motion was made, 'That the House on March 28 resolved itself into a Grand Committee to consider the South Sea Bill,' and on that day a Motion was made, 'That for rendering effectual and certain to the public the undertaking of

the South Sea Company to take the annuities for certain terms of years, it be an instruction to the said Committee : that they should have power to receive proposals from the South Sea Company, whereby it might be fixed and determined what share or shares of and in the to be increased capital stock of the said Company, the proprietors of the said annuities should be entitled to have and to enjoy, who should voluntarily subscribe the same into the said stock, or how many years' purchase in money they should have and receive upon subscribing, at the choice of the proprietors ; and that the Committee should have power to receive a clause or clauses accordingly.' This motion was warmly debated. Walpole, Steele, and others, contended that, the annuitants who lent out their money for the support of the Government with hazard and uncertainty, having made a contract with the Legislature and purchased yearly rents for valuable considerations, ought not to be left at the mercy of a private company. Aislabie was the principal spokesman for the Bill. He contended that ' the obliging of the South Sea Company to fix a price upon the annuities might endanger the success of so beneficial an undertaking ; that as it was the interest of the Company to take in the said annuities, so no doubt was to be made but that they would use all their endeavours for that purpose, and would offer such advantageous conditions to the annuitants as would encourage them to come in voluntarily ; that, therefore, they ought to allow the said Company a competent time to try what they could do ; and if in a subsequent session of Parliament it should appear that the conditions they had offered to the annuitants were not reasonable, and consequently had proved ineffectual, the Commons, in such a case, might give what directions

they should think proper about that matter.' After a long debate the Motion, to the great relief of the Directors of the Company, was negatived by 144 to 140 votes.

The Bill was read for the third time on April 2, and passed by 172 to 55 votes. It was read in the House of Lords a first time on April 4, and a second time on the following day. It was not until the Committee stage was reached that there was any debate upon it. Then Lord North and Grey spoke against the Bill, and, following him, the Duke of Wharton¹ argued that the project might prove of disadvantage to the nation. 'Firstly,' he said, 'as it gave foreigners an opportunity to double and treble the vast sums they had in our public funds, which could not but tempt them to withdraw their capital stock, with their immense gains, to other countries, which might drain Great Britain of a considerable part of its gold and silver. Secondly, that the artificial rise of the South Sea stock was a dangerous bait which might decoy unwary people to their ruin, and allure them, by a false prospect of gain, to part with what they had got by their labour and industry, to purchase imaginary riches. And, in the third place, that the addition of above £30,000,000 new capital would give such a vast power to the South Sea Company as might endanger the liberties of the nation and, in time, subvert our excellent constitution, since by their extensive interest, they might influence most, if not all, of the elections of the members, and consequently overrule the resolutions of the House of Commons.' Lord Cowper² also opposed the Bill, which,

¹ Philip Wharton, Duke of Wharton (1698-1731).

² William Cowper, first Earl Cowper (d. 1723), Lord Chancellor, 1707-1710, 1714-1718.

he declared, 'like the Trojan horse was ushered in, and received with great pomp and acclamation, but which was contrived for treachery and destruction.' 'In all public bargains,' he continued, 'it is a duty incumbent on them who are entrusted with the Administration to take care that the same shall be more advantageous to the State than to private persons; but a quite contrary method seems to have been followed in the contract made with the South Sea Company, for if the stocks are kept up to the advanced price to which they have been raised by the arts of stock-jobbing, either that Company or its principal members will gain above £30,000,000 sterling, of which they give but one-fourth towards the discharge of the national debts. Though this scheme carries the face of public good, yet nothing can be so that is founded on injustice, as I take this Bill to be. I apprehend, in particular, that the main public intention of it, namely, the repurchase of annuities, will meet with insuperable difficulties; and that, in such a case, none but a few persons, who were in the secret and early bought stocks at a low rate and afterwards sold them at a high price, will, in the end, be gainers by this project.' To Lord Sunderland¹ fell the task of defending the Government. 'Those who encouraged and countenanced the scheme of the South Sea Company,' he assured the House, 'had nothing in their view but the easing the nation of that heavy load of debt it labours under.' 'On the other hand,' he admitted, 'the managers of that Company had undoubtedly a prospect of private gain, either to themselves or to this corporation; but when the scheme

¹ Charles Spencer, third Earl of Sunderland (1674-1722), Secretary of State, 1706-1714; Lord Privy Seal, 1715; First Lord of the Treasury, March, 1718-1721.

was accepted, neither the one nor the other could foresee that the stocks would rise to their present price. If they had remained as they were, the public would have had a far greater share of the advantage accruing from the scheme ; and if the stocks keep up to the price they had been raised to, which was not unlikely, it is but reasonable that the South Sea Company should enjoy the profits procured to it by the wise management and industry of its Directors, which will enable it both to make large dividends among its members and thereby to compass the ends intended by this scheme.'¹ The Bill was read a third time on April 6, and on the following day received the Royal Assent.

At the risk of being accused of prophesying after the event, it must be said that it is impossible to understand how any body of men of average intelligence could conceivably have believed that either corporation could have successfully carried out their proposals without injuring the proprietors of the public debts. Parliament was willing to accept from the South Sea Company the sum of £7,000,000, and showed itself reluctant to hear those who urged that the privileges accorded were not worth a tithe of this amount. The South Sea Company was not a highly endowed philanthropic society : it was a body of merchants trading for profit. How, the House of Commons might surely have asked itself, was the profit to be obtained ; how, indeed, was a very heavy loss to be avoided ? The Company had (i) exclusive advantages of the trade to the South Sea, but, at best, this was not worth £200,000 a year, and even this was precarious, being dependent upon the continuance of peaceful relations with Spain ; (ii) an allowance for the charge of management, pro-

¹ *Political State of Great Britain*, XIX., 420-423.

portioned to the augmentation of their capital stock; (iii) the difference of receiving five per cent. for the money invested in purchasing the public debts, while the usual rate of interest was four per cent.

These were the ostensible sources of profit; but there was another—the possibility of an increase of wealth which would accrue from a rise in the price of capital stock. Indeed, it was upon this last, and upon this only, that the success of the scheme depended. Only by creating a demand for the stock could the Company fulfil its engagements. Is it any wonder that the Directors took every opportunity to promote a spirit of speculation? It was the obvious course for them to pursue, and, naturally enough, therefore, the course they took. To make matters worse, the public at this moment happened to be in a gambling vein, and anything was good enough with which to flog a willing horse—imaginary advantages, imaginary acquisitions—hints of hidden treasure—the declaration of dividends which could never be earned.

CHAPTER III

The 'Boom' in the Stock of the South Sea Company

APRIL—JULY, 1720

AS soon as it became known that the South Sea Company was making proposals to Parliament, the public began to interest itself in the stock. Much anxiety was evinced as to the particulars of the scheme, and every rumour had its effect upon the market. At this time, a contemporary writer noted, 'the stock-jobbers in Exchange Alley were in perpetual hurry, being tossed about between hopes and fears, upon the different accounts they received almost every minute from their agents and friends in Westminster.'¹ Presently every one seemed convinced that the deal would come off, and, jumping to the conclusion that it would be a good thing for the Corporation, wanted to have a finger in this presumably profitable pie. 'The spirit of stock-jobbing is rising to a higher degree than ever,' Edward Harley wrote from London to Lord Oxford, February 2, 1720. 'They that cannot turn themselves to do this will find very little to do here, and can only be speculators of other men's cheats and follies. There has been in former ages something like our Exchange

¹ *Political State of Great Britain*, XIX., 386.

Alley. When this humour became prevalent, some of our greatest patriots thought a retirement to a country farm both a safe and wise retreat.’¹

As soon as Parliament gave the preference over the Bank to the South Sea Company, the price of its stock went up by leaps and bounds. From 126 it rose to 400. ‘South Sea is all the rage and fashion; the ladies sell their jewels to buy, and happy are they that are in,’ Mrs. Windham wrote to Ashe Windham.² ‘It has fell a little, some say till the Bill is passed, others, foreigners do not come in: last post says it sells in Holland for 400 . . . but the first dealers were the greatest gainers.’³ Probably these first dealers were content to take their profit, and thus brought down the price: certainly the stock declined to 330, at which figure it remained through March.

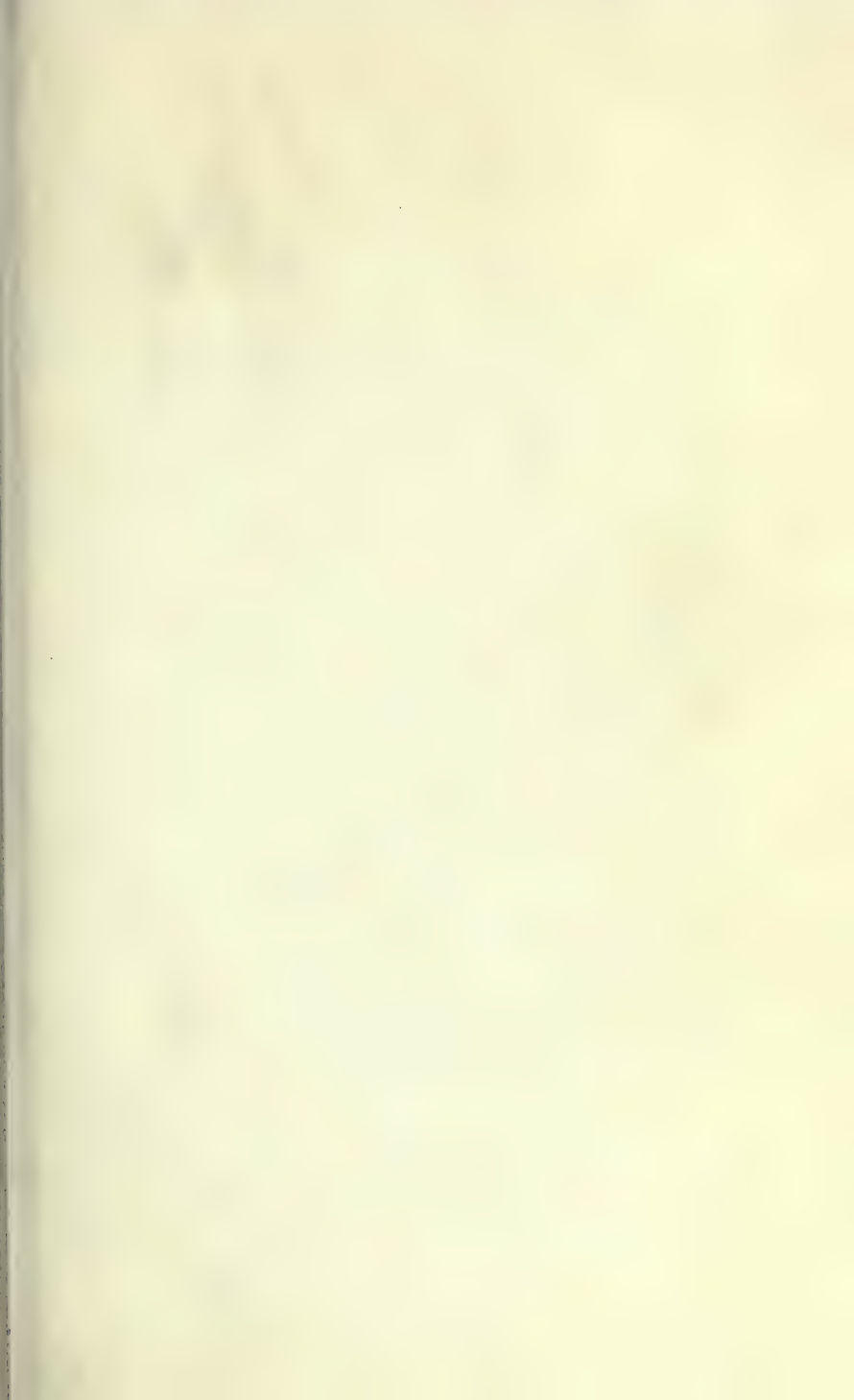
Stock-jobbing was now the principal subject of conversation. ‘I find,’ Edward Harley, junior, wrote to his aunt, Abigail Harley, on February 25, ‘that there are few in London that mind anything but the rising and falling of the stocks, upon which all the news and talk of the town turns, so that unless I bring South Sea, African Bank, cent. per cent., par, etc., and such stuff into my letter I shall neither be fashionable nor fill it up. It is said, Duke of Chandos⁴ has £30,000 in the

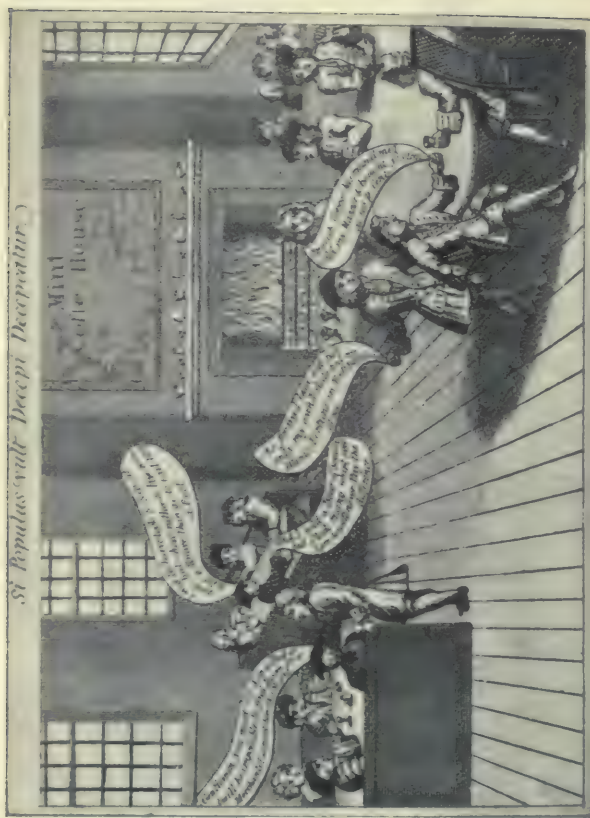
¹ *Portland MSS.*, V., 591.

² Ashe Windham (1672–1749) and his brothers, William, M.P. for Sudbury, 1722–1727, and Aldburgh, 1729–1749, and James, who held a post in the Salt Office, were the sons of William Windham of Felbrigg, in Norfolk, by his wife Katherine, daughter of Sir Joseph Ashe, of Twickenham. Ashe Windham was the father of the statesman, William Windham, who inherited the family estates.

³ *Ketton MSS.*, 200.

⁴ James Brydges, first Duke of Chandos (1673–1744), who built the great house at Canons, near Edgware.





St. Populus vult Decepti Deceptatur.

SOUTH SEA BUBBLE

From a print in the Guildhall Library

African, and that John Barber, the printer,¹ has got £20,000 in the South Sea, but I am too much straitened in my time to give you a list of the lucky men, so must refer you to the public prints.'²

Every one had the same story to relate. 'The town is quite mad about the South Sea, some losers, some great gainers, one can hear nothing else talked of. Exchange Alley is the place of greatest resort now: there they call this end of the town Wapping. It is being very unfashionable not to be in the South Sea. I am sorry to say I am out of the fashion,'³ Abigail, Countess of Kinnoull⁴ wrote to her father, Lord Oxford, on March 29; and on the same day Charlwood Lawton⁵ told the ex-Minister, 'Nobody talks of anything but stocks and South Sea, and now and then a duel. One was fought yesterday between the Duke of Douglas⁶ and Lord Dalkeith,⁷ wherein I hear the latter was much wounded.'⁸

There is no doubt that the rise in the price of South Sea stock was partly the result of the apparent success of Law's financial campaign in France. His Mississippi

¹ Alderman John Barber, Swift's printer, who became a millionaire by speculation in South Sea stock, but lost it, except £50,000, all by gambling in the shares of other 'bubbles.' He was Lord Mayor of London in 1733.

² *Portland MSS.*, V., 593.

³ *Ibid.*

⁴ Abigail (d. 1750), the younger daughter of Robert Harley, first Earl of Oxford, by his first wife, married George Hay, seventh Earl of Kinnoull.

⁵ Charlwood Lawton (1660-1721), the friend of William Penn, whose agent he was in London for many years.

⁶ Archibald Douglas, third Marquis and first Duke of Douglas (1694-1761).

⁷ Francis Scott, second Duke of Buccleuch (1694-1751), commonly known as Earl of Dalkeith, as the dukedom was held forfeited owing to his father's participation in the Jacobite risings.

⁸ *Portland MSS.*, V., 593.

Company was supposed to be vastly prosperous, and during the winter of 1719–1720 its shares went to a great premium. The Rue de Quincampoix, the 'Change Alley of Paris, was daily thronged with excited speculators, and so eager was the demand, that capital stock of the value of 500 livres changed hands at 10,000 livres. On January 1, 1720, the Mississippi Company declared a dividend of forty per cent. and its stock rose to 18,000 livres. Five days later Law, having entered the Roman Catholic Church in order to be eligible for the post, became Comptroller-General of the French finances; and on February 23 he was able to fulfil his dream of uniting his Company with the Banque Royale. English newspapers sneered at him. 'If you are ambitious, you must put on a sword, kill a *beau* or two, get into Newgate, be condemned to be hanged, break prison, *if you can—remember that, by the way*—get over the water to some strange country, set up a Mississippi stock, bubble a nation, and you may soon be a great man,' so ran a paragraph in *Mist's Weekly Journal*; and in the same publication on February 20 some wag inserted: 'Last week, at the masquerade in the Haymarket, appeared a fine lady in a very odd and comical dress; she told the Company that she came from Mississippi, and was going to be married to the South Sea.' It is easy to jeer at success, but difficult to affect it by any effort of the pen. In France, anyhow, Law was regarded as the greatest man of the day.

At the same time, while the effect of the 'boom' in France had its influence upon the English market, it is important to remember that, as a clear-sighted writer of the day insisted, 'this prodigious rise of the South Sea stock was not altogether owing to natural causes, but was rather the result of very artificial

engines and secret springs that were set to work, both at home and abroad, by those who had no small concern in the success of this affair.'¹ In other words, interested parties circulated extravagant rumours likely to send up the price of the stock. It was declared that England and Spain were on the eve of contracting a treaty by which the latter would allow England a great measure of free trade to all the South American colonies ; and the public was led to believe that, as a modern writer has put it, 'the rich produce of the mines of Potosi-La-Paz was to be brought to England until silver should become almost as plentiful as iron. For cotton and woollen goods with which we could supply them in abundance, the dwellers in Mexico were to empty their gold mines. The Company trading to the South Seas would be the richest the world ever saw, and every hundred pounds invested would produce hundreds of pounds per annum to the stock-holder.'² In fact, nothing was too absurd to be said, and, presently, nothing too ridiculous to be believed.

Contrary to the general expectation, South Sea stock, on the passing of the Bill, instead of rising, declined in price. On the day, April 7, the Bill received the Royal Assent the stock actually fell from 330 to 310, on the following day to 290, and on the day after to 280. The fall was in no way due to the waning of the general enthusiasm for the scheme, but was the natural result of the profit-taking of several heavy holders, and was but a passing phase. Some of the leading spirits among the Directors, notably Sir John Blunt, were dissatisfied, and a further crop of rumours favourable to the development of the Company was deliberately circulated. It

¹ *Political State of Great Britain*, XIX., 386.

² Mackay : *Popular Delusions*, I., 82.

was stated, entirely without foundation, that the Spanish Government was willing to give in exchange for Gibraltar and Port Mahon some ports on the coast of Peru, that would be of the greatest value to the trade of the Company; and it was further suggested that instead of one annual ship, twenty-five per cent. of the profits of which went to the King of Spain, the Company was to be at liberty to send as many ships as it liked, retaining all the profits of the venture. A credulous public implicitly accepted everything it heard, and then, in its turn, exaggerated what it had heard. Sir Isaac Newton, asked about the continuance of the rising of the stock, answered that he could not calculate the madness of the people.¹

Having, by clever manipulation of the market, sent stock up to 325, the Directors of the South Sea Company on April 12 opened the books for a First Money-Subscription of £2,000,000, the price of each £100 stock being fixed at £300, payable in five instalments of £60 each. The demand was so great that the issue was increased to £2,250,000, and, while the old stock was quoted at 340, the new issue was sold at once for double the price of the first payment. A few wise folk began to fight shy of the stock, but the vast majority of the nation began to yield to the spirit of speculation. 'I have heard but one sound these three months in this place, namely that of South Sea, which has got the better of men's politics and ladies' fashions, and has entirely engrossed all conversation,' Erasmus Lewis wrote to Lord Oxford, on April 19. 'There are several calculations printed to show that there can be no solid foundation for this rise.'²

¹ Spence : *Anecdotes*, 368.

² *Portland MSS.*, V., 594.

The Directors, who, about this time, seem to have cast prudence to the winds, and entirely to have ceased to look ahead, now, on April 21, in order to give further stimulus to the stock, declared a dividend, due at Midsummer, of ten per cent. in stock, not only on the old capital but also on the new subscription, and, at the same General Court, resolved to grant money-loans on stock as far as £500,000 (which sum was secretly enlarged to £900,000) for four months at five per cent. Upon the declaration of this dividend stock rose, and the Directors seized the opportunity to open a Second Money-Subscription for £1,000,000 (increased to £1,500,000), at the rate of £400 for each £100 stock, the several payments to be spread over a period of three years. At a Court of Directors held on April 28 it was resolved to take in the irredeemable annuities into their stock, and the excitement of the proprietors of the debts was remarkable. 'What is yet more strange,' said a contemporary writer, after commenting on the rush to subscribe for South Sea stock, 'so great was the confidence which monied men of all ranks reposed in the integrity, however, and justice of the Directors of the South Sea Company that many deposited into their hands their annuities, without knowing what price the Company would allow for them.'¹ In spite of this statement, however, it may be doubted whether it was confidence in the Directors that impelled the annuitants: far more probably was it greed, for the same authority remarks that a rumour was industriously circulated about town to the effect that the Company would give ten years' purchase for the irredeemables in original stock. On these terms, as the stock, from the beginning to the middle of May, stood at about 350, this,

¹ *Political State of Great Britain*, XIX.

with the Midsummer dividend of ten per cent. in stock, meant that an annuity of £100 would yield £3,635, more than thirty-six years' purchase.

The Directors maintained a discreet silence until May 19, when, after holding a Court, they published the terms on which they would take in the annuities:—

	£	s.	d.
For the Long Annuities, for every £100 per annum, £700 stock at £375 per cent.	2,625	0	0
and in bonds and money	575	0	0
<hr/>			
<i>i.e.</i> , thirty-two years' purchase	£3,200	0	0
For the Fourteen-per-cents., for every £98 per annum, £700 stock at £375 per cent.	2,625	0	0
and in bonds and money	511	0	0
<hr/>			
<i>i.e.</i> , thirty-two years' purchase	£3,136	0	0
For the Nine-per-cents., for every £90 per annum, £350 stock at £375 per cent	1,312	10	0
and in bonds and money	217	10	0
<hr/>			
<i>i.e.</i> , seventeen years' purchase	£1,530	0	0
For the Prizes of the Lottery of 1710, for every £100 per annum, £400 stock at £375 per cent.	1,500	0	0
and in bonds and money	200	0	0
<hr/>			
<i>i.e.</i> , seventeen years' purchase	£1,700	0	0
For the blank tickets of the Lottery of 1710, for every £98 per annum, £350 stock at £375 per cent.	1,312	10	0
and in bonds and money	358	10	0
<hr/>			
<i>i.e.</i> , seventeen years' purchase	£1,666	0	0

Here at once were exposed the serious consequences of the loosely-drawn Bill, under the authority of which the Company acted. The Company had bound itself to allow twenty years' purchase for the long annuities

and fourteen years' purchase for the short annuities; but the Legislature had not limited the price the Directors were to put on the stock to be given to the proprietors. The obligations were, therefore, to all intents and purposes a dead letter. As against this, there was, of course, no compulsion on the proprietors of the annuities to exchange the public debt for South Sea stock, while—and it is important to note this in favour of the Directors—those who had subscribed before the terms were published were given six days in which to decide whether they would adhere to or withdraw their offers. The terms did not at first find favour with the majority of the annuitants, who, as has been said, had expected that they would be more generously dealt with, and some did not come in, while others withdrew their application. For a day or two it looked as if the issue would not be successful. The Directors, however, used every device to send up the price of stock, and so effective were their efforts that on May 25 it was quoted at £500. This put an entirely different complexion on the transaction, and the annuitants, now seeing a handsome profit, demurred no further. By May 29 two-thirds, roughly, of the annuities had been subscribed.¹

The daily, indeed, the almost hourly, rise in the price of the South Sea stock made the Directors persons of the first consequence. They had it in their power to bestow, or withhold, wealth, by allotting, or not allotting, stock which could at once be sold at a handsome profit. Their importance was recognised in the highest circles, and upon some baronetcies were bestowed. Humble

¹ Long annuities	.	.	.	.	£427,340	18	9
Nine-per-cents.	.	.	.	.	48,132	0	0
Lottery, 1710	.	.	.	.	15,988	4	0

folk, who could not so honour them, paid court to these persons, and, surrounded by sycophants, many became unutterably arrogant—a fault for which they were charged a very heavy figure when the day of payment came. In the meantime they were scarified by a minor poet in the following verses :—

BEGGARS ON HORSEBACK.

This evil Solomon espied
 Among the rabble-rout,
 That beggars did on horseback ride,
 While princes walk'd on foot.

South Sea has verify'd the same,
 For mighty men of late
 Are brought to poverty and shame,
 Whilst scoundrels ride in state.

Bad news now came from Paris, and made thoughtful people uneasy as to the effect it might have on the money-market in this country. 'The madness of stock-jobbing is inconceivable. This wildness was beyond my thoughts, and, therefore, did not stay so long for myself or your Lordship as I should have done, and therefore have not made so much for you as I would have done,' Edward Harley wrote to Lord Oxford, May 23. 'What fate hangs over us is too easy to be guessed from what has happened in France. The Regent is forced to submit to the Parliament, Princes of the Blood, and the inclination of the people. Some say Mr. Law is committed, others that he is secured by a guard, others that he is fled. What revolution this will produce there, and what influence it may have, a little time will show.'¹ Further particulars were given in a letter from Thomas Harley, a week later: 'The great disorders at Paris on the sinking of their stock from eighteen

¹ *Portland MSS.*, V., 597.

hundred to about four hundred is in some measure appeased. The Princes of the Blood being joined with the Parliament of Paris, the Regent is forced to yield to their representations, and they are now finding out means to give a currency to money, and to make provision that the people who were forced into the stocks and compelled to take bank bills may have their effects secured to them. Law is removed from the management of the revenue, and put to inspect his own invented Bank and Company.'¹

The trouble in France was very real. Reckless speculation had been the order of the day, and credit was so far strained beyond recovery that on May 27 the Bank Royale was compelled to suspend cash payments. In obedience to the popular clamour, Law, so recently the idol alike of society and of the mob, was removed from the post of Comptroller-General, but was appointed Intendant-General of Commerce and Director of the Bank. Nothing, however, could avert the crash. As is their wont, our neighbours indulged in epigram:

*'Lundi, j'achetai des actions ;
Mardi, je gagnai des millions ;
Mercredi, j'arrangerai mon ménage ;
Jeudi, je pris un équipage ;
Vendredi, je m'en fus en bal,
Et Samedi, à l'Hôpital ;'*

and a light-hearted wag suggested an epitaph for the financier:—

*'Ci git cet Ecossais célèbre,
Ce calculateur sans égal,
Qui, par les règles de l'algèbre,
A mis la France a l'Hôpital.'*

The ruin was widespread, and presently Law had to fly the country, after his house had been attacked and

¹ *Portland MMS.*, V., 598.

he had been compelled to seek refuge in the Palais Royale. In December he was at Brussels, and there received, and refused, an offer to go to Russia to undertake the management of its finances. In the following year he paid a visit to England, where he stayed awhile, having earlier received a pardon for the death of 'Beau' Wilson. He was presented to the King, and met many men interested in the problems of finance. 'Though I was no stranger to Law's character, yet I did not grudge a bottle of wine, for the sake of a little conversation with one who has made so much noise in the world,' Dr. William Stratford¹ wrote to Edward Harley, October 9, 1722. 'He spent the evening with me. I put him upon the talking of his own affairs, and he entered into them very readily. He seemed to take it as a great reflection on him, as he well might, that any one should think our South Sea scheme to have been projected on the plan of his Mississippi. I perceive he takes our projectors to be great bunglers.'² In 1725 Law went to Italy, where four years later he died at Venice in comparative poverty.

The optimism of the people at home was, however, unperturbable, and it largely counteracted the effect in this country of the crisis in France. They would not listen to warnings, nor would they weigh possible consequences. 'The demon of stock-jobbing is the genius of this place,' Edward Harley wrote to Lord Oxford from London, June 25. 'This fills all hearts, tongues and thoughts, and nothing is so like Bedlam as the

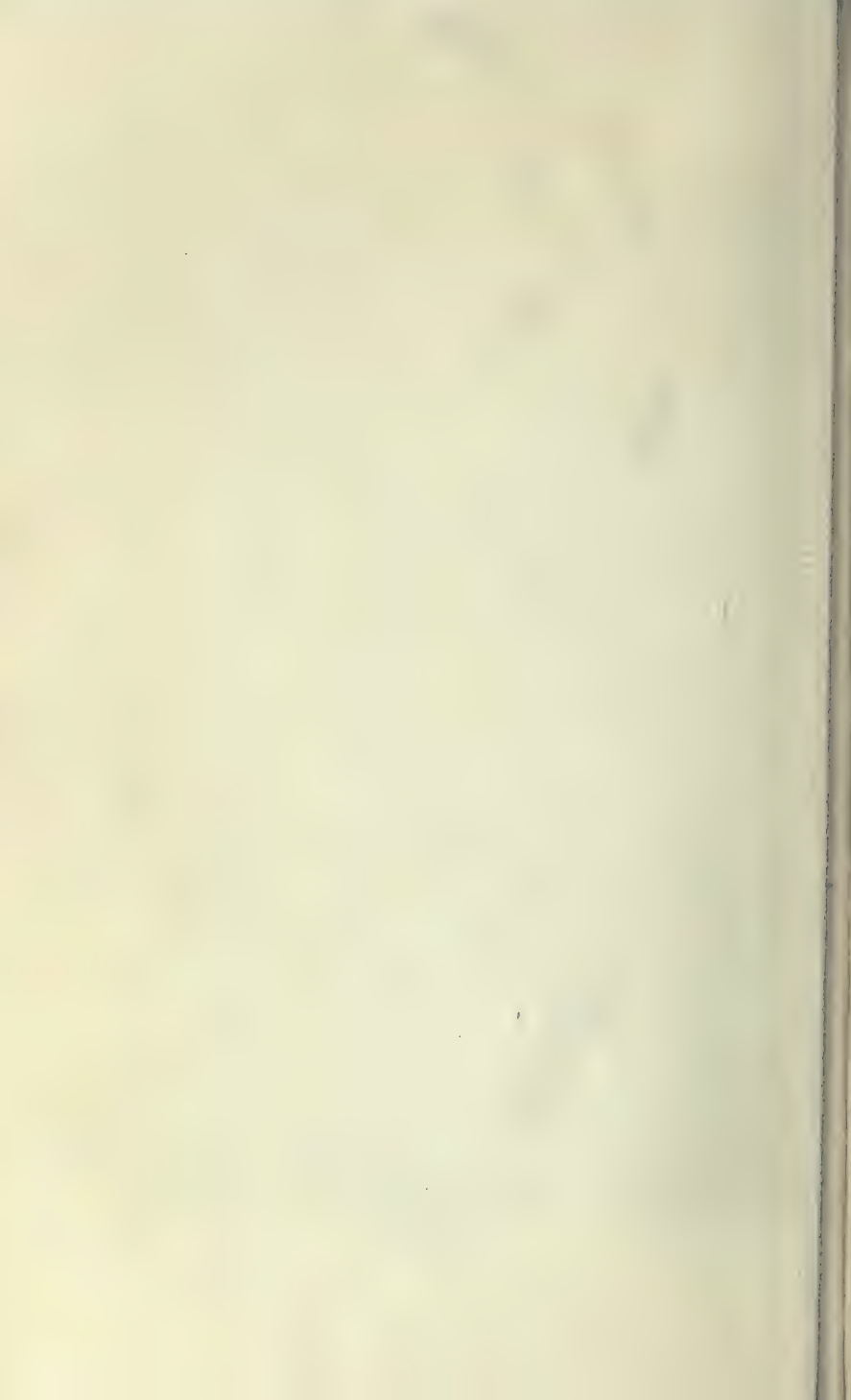
¹ Dr. William Stratford, son of Dr. Nicholas Stratford (successively warden of Manchester College and Bishop of Chester), and godson of Thomas Harley, was Canon of Christ Church, Oxford. Previous to his appointment to the canonry he was chaplain to Robert Harley, afterwards first Earl of Oxford.

² *Portland MSS.*, VII., 335.



THE PARIS "BUBBLE"

From the *Illustration*, *Le Courrier Français*



present humour which has seized all parties, Whigs, Tories, Jacobites, Papists, and all sects. No one is satisfied with even exorbitant gains, but every one thirsts for more, and all this founded upon the machine of paper credit supported by imagination. This is so overstretched that it is no secret it is in the power of France and Holland to draw away every shilling in England. If this fatal hour should come, which in all probability will, no earthquake can produce a more terrible convulsion.'¹

The great stock-market was in Exchange, or 'Change, Alley, a broad, well-paved place, by the Royal Exchange. At one time, as Strype states, frequented by 'a very considerable concourse of merchants, sea-faring men, and other traders,' it was now given over almost exclusively to dealers in stocks and shares. It contained the famous coffee-houses, Garraway's (often written Garway's) and Jonathan's. To Garraway's Swift refers in 'The South Sea Project,' and Defoe mentions it in 1722 in his 'Journey through England': 'The Royal Exchange is the resort of all the trading part of this city, foreign and domestic, from half an hour after one till near three in the afternoon; but the better sort generally meet in Exchange Alley a little before, at those celebrated coffee-houses, called Garraway's, Robins', and Jonathan's. In the first, the people of quality, who have business in the City, and the most considerable and wealthy citizens frequent. In the second, the foreign bankers, and often even foreign ministers; and in the third, the buyers and sellers of stock.' So early as 1709, Jonathan's is described in the *Tatler* as 'the general mart for stock-jobbers'; and two years later, Mr. Spectator, in his first number, remarks, 'I have

¹ *Portland MSS.*, V., 599.

been taken for a merchant upon the Exchange for above these ten years, and sometimes pass for a Jew in the assembly of stock-jobbers at Jonathan's.' In 1718 Mrs. Centlivre placed there a scene in her comedy, 'A Bold Stroke for a Wife.'

Among the speculators, there were, of course, level-headed men of business who were perfectly well aware that South Sea stock was unduly inflated, and such persons, if they dabbled in it, did so with their eyes open, knowing full well that they were indulging in a wild gamble, and trusting to their superior knowledge and trained intelligence to enable them to sell out at a profit before the inevitable 'slump' came. The general public, however, having no knowledge of stock-market, saw nothing but a continual rise in the price of the stock, and did not pause to reflect, or were too ignorant of such matters to understand, that it could not rise indefinitely, and that inevitably in the end the price must settle in a ratio to the earning powers of the corporation. It seemed to folks so simple that an unprecedented opportunity was presented to them to make large sums of money with the greatest ease. That the element of risk entered into the game never occurred to them. The gamble, therefore, attracted the wise, and the unwise, and all sorts and conditions of people became buyers. Nor were the buyers all of one sex. Mrs. Howard¹ bought and sold to her exceeding disadvantage; her friend, Mrs. Molesworth,² however, not only was fortunate but was wise enough to

¹ Henrietta (1688-1767), the wife of Charles Howard, afterwards ninth Earl of Suffolk; the mistress of George II.

² Elizabeth (died 1725), daughter of Dr. James Welwood, and wife of Captain the Hon. Walter Molesworth, fifth son of Robert Molesworth, first Viscount Molesworth.

keep her head. 'To tell you the truth,' she wrote to Mrs. Howard, June 25, 1720, 'I am almost South Sea mad, and I find that philosophic temper of mind which made me content under my circumstances, when there was no seeming probability of bettering them, forsakes me on this occasion; and I cannot, without regret, reflect that, for want of a little money, I am forced to let slip an opportunity which is never likely to happen again. Perhaps you will think me a little unreasonable when I tell you that good Lady Sunderland¹ was as mindful of her absent friends as to secure us a £500 subscription, which money my father laid down for us, and it is now doubled; but this has but given me a taste of fortune, which makes me more eager to pursue it. As greedy as I seem, I should have been satisfied if I could by any means have raised the sum of £500 or £1,000 more, but the vast price that money bears, and our not being able to make any security according to law, has made me regret a scheme I had laid of borrowing such a sum from some monied friend; but since I have given that over, I shall endeavour to be content with the share I have in the good fortune of my friends.'² Not all women, however, were so reasonable as Mrs. Molesworth, as a versifier was at pains to indicate:—

THE STOCK-JOBGING LADIES

Ombre and basset are laid aside,
 New games employ the fair;
 And brokers all those hours divide
 Which lovers used to share.

¹ Judith Tichborne (d. 1749), third wife of Charles Spencer, third Earl of Sunderland. She was distantly connected with the Molesworth family. After the death of Lord Sunderland, she married Sir Robert Sutton.

² *Suffolk Correspondence*, II., 55.

THE SOUTH SEA BUBBLE

The Court, the Park, the foreign song,
And harlequin's grimace,
Forlorn ; amidst the City throng
Behold each blooming face.

With Jews and Gentiles, undismay'd,
Young tender virgins mix ;
Of whiskers, nor of beards, afraid,
Nor all their cous'ning tricks.

Bright jewels, polish'd once to deck
The fair one's rising breast,
Or sparkle round her ivory neck,
Lie pawn'd in iron chest.

The gentle passions of the mind,
How avarice controls !
Ev'n love does now no longer find
A place in female souls.

The stock was quoted late in May at 550 ; on the last day of that month it changed hands at 600 ; on June 2 it leapt to 890. Then, it seemed suddenly as if all were sellers and none buyers. A number of speculators, in whom the sense of caution had not become atrophied, realised that the time had come to take their very handsome profits ; some of these who were about to accompany the King to Hanover deemed it expedient, having made far more money than they had in their wildest dreams thought possible, to close accounts which they could not control from abroad ; while yet others had to dispose of some portion of their holding in order to obtain the means to meet the second payment to their first subscription. The stock that in the morning was quoted at 890, in the afternoon sold at 640, and many who had been speculating in differences were utterly and hopelessly ruined. Before business closed for the day, however, the market recovered somewhat, and closed at 770. Four days later the

price was 820. Again the prices were fictitious, for the heavy drop had so alarmed the Directors, to whose interests it was vital that the fall should not be permanent, that they had sent their agents into 'Change Alley to buy and buy and buy, until they had stayed the 'slump.' They then endeavoured to restore confidence by various expedients. They announced their willingness to lend money to the amount of £400 upon every £100 of their capital stock at the rate of four per cent. ; they gave notice that the bonds due on June 25 would be paid forthwith on presentation ; and, further, consented to accept these bonds in payment of the second instalment of the First Money-Subscription. The loans served a double purpose, for they not only locked up so much stock as was pawned, but they also supplied the borrowers with the means of making further purchases. By these means confidence was restored, and the price maintained, save for occasional fluctuations, until the transfer-books were closed on June 22.

For some time the Directors had been making arrangements for a Third Money-Subscription, and there had been many speculations as to the price that would be set upon it. 'They talk of a new Subscription at seven or eight hundred,'¹ Thomas Harley wrote to Lord Oxford ; and in the City it was rumoured that it would be issued at a higher figure. One of the Directors, James Edmondson, was asked at Garraway's Coffee-house whether the report was true that the third Subscription would be opened at 1,000, and he replied facetiously, 'Truly, gentlemen seem to strive to take us into some such price, whether we will or not.'² As a matter of fact, although the stock was quoted at 800, the Directors,

¹ *Portland MSS.*, V., 597.

² Macpherson : *Annals of Commerce*, III., 82 n.

aware that, owing to the success that had attended their devices, money was plentiful, did, with an audacity which was truly magnificent and an indiscretion which was as truly deplorable, issue the new Subscription at the rate of £1,000 for each £100 capital stock, to be paid in ten equal payments, one on application, the others at intervals of six months.

It has been urged in defence of the Directors—mainly, it is true, by members of that body—that in offering the stock at this price, they were meeting the wishes of the public. It has also, in palliation of this action, been pointed out that even if they had asked less, the rage for speculation would have forced it up to the price at which it was issued. Certainly in this, as in other transactions in connection with the Company, the subscribers were to a great degree responsible for the losses which ultimately so crushingly fell upon them, for, as Macpherson has put it, ‘the numerous dealers in South Sea stock and subscriptions, by daily continuing to buy, in the hope of their still rising higher, of which they themselves were the principal cause, did undoubtedly lay a temptation on the managers for still growing more extravagant in the conditions of their future subscriptions.’¹ This is undoubtedly true, but the quarrel with the Directors is that they yielded to the temptation—the dishonest ones with an eye to their own gains; the honest ones with a view to profiting the Corporation. The fact that the public was willing to pay £1,000 for a £100 stock was the public’s own concern; but when the Directors asked this price it was equivalent to stating officially that, in the opinion of that responsible body, it was worth it.

The response to the third Subscription was magnifi-

¹ *Annals of Commerce*, III., 81.

cent. It had only been intended to offer £1,000,000 capital stock ; but so great was the demand, and so great the pressure brought to bear by influential persons desirous to take this opportunity to reward their supporters by securing them an allotment, that eventually the issue was enlarged to £4,000,000. Still the rage for stock continued, and the appetite for speculation was fed by the Directors lending in one day £3,000,000 of the money received as the first payment on the new Subscription. Before the end of June, the new Subscription sold at above £200 per cent. advance, while early in the following month it was at a premium of £380.

The Directors, at a Court held on July 8, resolved to take in subscriptions of the Lottery tickets and short annuities, to the amount of £6,000,000, and, again before the terms were announced, many proprietors subscribed their public debts. 'It is impossible to tell you what a rage prevails here for South Sea subscriptions at any price,' James Craggs the younger wrote to Lord Stanhope on July 15. 'The crowd of those that possess the redeemable annuities is so great that the Bank, who are obliged to take them in, has been forced to set tables with clerks in the street.'¹ When the books were closed at Midsummer, the price for the opening was £1,000, including the dividend ; the first subscriptions at an advance of £650 per cent. and the second at £610 per cent. These prices held, with slight fluctuations, during July, except that the price of the capital stock declined to £930, in proportion as the third Subscription rose to a premium of £445, which may be accounted for by the fact that those who have made a profit out of their dealings in South Sea stock deemed it wise to invest the proceeds in less adventurous concerns. It

¹ Coxe : *Memoirs of Sir Robert Walpole*, II., 189.

is difficult to realise how great a hold stock-jobbing had at this time upon the nation, but it is brought home to the student by the summary presented by Macpherson. 'The advanced prices of all those stocks, greater or lesser, of every kind, were computed, about Midsummer 1720, to amount to about £500,000,000 sterling; or about five times as much as the current cash of all Europe,' he has written. 'And if the yearly rents of all the lands and houses do not exceed £14,000,000, and the utmost value thereof, houses and lands together, do not exceed sixteen years' purchase on an average, or £224,000,000; then here was above double the value of the fee-simple of all the immovable property of the nation in this chimerical traffic.'¹

The books for taking in both the irredeemable and the redeemable debts were open from August 3 to August 11, and the subscriptions were very heavy.² On the day after the books were closed, the terms on which the Directors granted were published:—

For the Long Annuities, for every £100 per annum,	£
£400 stock at £800 per cent.	3,200
and in bonds and money	400
	—
<i>i.e.</i> , thirty-six years' purchase	£3,600

For the Fourteen-per-cents., for every £98 per annum,	
£420 stock at £800 per cent.	3,360
and in bonds and money	168
	—
<i>i.e.</i> , thirty-six years' purchase	£3,528

¹ *Annals of Commerce*, III., 83.

² Long Annuities	£125,392	17	6
Nine-per-cents.	18,750	0	0
Lottery, 1710	14,906	6	0
Redeemable debts	14,393,788	0	0

For the Nine-per-cents., for every £90 per annum,	£
£200 stock at £800 per cent.	21,600
<i>i.e.</i> , seventeen and seven-ninth years' purchase.	

The proprietors of the above annuities to receive the Midsummer dividend of ten per cent. in stock.

For the Prizes of the Lottery of 1710, for every £100 per annum, £200 stock at £800 per cent.	1,600
and in bonds and money	150
<i>i.e.</i> , seventeen and a half years' purchase	£1,750

For the blank tickets of the Lottery of 1710, for every £98 per annum, £210 stock at £800 per cent.	1,680
and in bonds and money	35
<i>i.e.</i> , seventeen and a half years' purchase	£1,715

For the redeemable debts, for every £100 was given £105 at £800 per cent.

Most of the annuitants were at no pains to hide their disgust at these terms, which, they contended, contrasted very unfavourably with those offered to the first subscribers. For every £100 per annum of the Long Annuities there was now given £3,600; whereas for the same security there had been allowed on May 19 £700 stock and in bonds and money £575, which, computing the stock at £800 per cent. (as it was now valued), amounted to £6,175—or a difference of no less than £2,575. There was the same disparity in connection with the other securities. Feeling themselves defrauded, many subscribers went to the South Sea House in order to withdraw the securities they had lodged; but here they were informed that the Directors could entertain no such applications. In the face of the clamour occasioned by this step, which was opposed to the action of the Directors in May when they had

given subscribers six days in which to confirm their applications, the stock suffered. On August 12 it stood at 920: five days later it could be bought for the opening of the books on August 22 at 820.

CHAPTER IV

The 'Bubble' Companies of 1720

WHEN it became evident early in the year 1720 that the public was badly bitten with the mania for speculation, wily and unscrupulous men of business, seeing no reason why the South Sea Company should reap the entire harvest, decided to bleed the gamblers on their own account. To this end they floated all sorts and conditions of companies. Many of these were merely wild-cat schemes ; but others were quite sound in basis, and the objects for which they were ostensibly founded have since been successfully developed, but even in these cases it was generally not the object of the promoters to build up a substantial business likely to yield a steady revenue, but to take advantage of the spirit of gambling that was abroad. Consequently, as a matter of course, even the most promising projects were ridiculously over-capitalised, and, with maddening complacency, millions were asked when tens of thousands of pounds would certainly have been ample for working expenses. For 'supplying London with sea-coal,' £3,000,000 was demanded ; for 'paving the streets of London,' £2,000,000 ; for 'importing of tobacco, and exporting it again to Sweden, etc.,' £4,000,000 ; for 'importing timber from Wales,' £2,000,000 ; for 'erecting salt-pans in Holy Island,' £2,000,000 ; and so on. Within a few months nearly a

hundred 'bubbles,' as they were called, with a capital of about £300,000,000, were put on the market.

Some folks subscribed in all good faith, believing in certain of these schemes; while others were enticed by seeing the names of some of the greatest folk in the land advertised as Governors. It became a parlour game with astute promoters to dupe noblemen of unblemished reputation into acting unconsciously as decoys. The Duke of Rutland¹ became Governor of the Copper Miners of the Principality of Wales; the Duke of Chandos, Governor of the York Buildings Company; and the Duke of Bridgewater,² Governor of a company 'for building houses in London and Westminster.' Presently, as will be seen, even Royalty itself succumbed, at a price, to these insidious attentions.

It must not be thought, however, that the people as a whole had lost their wits. They had merely succumbed to the greed of gain. It was only a very small minority which believed that the schemes were feasible, or that, even if feasible, they would necessarily be profitable; and it was only this very small minority which cared. The vast majority only wanted to buy something cheap, sell it dear, and pocket the difference. So long as they could do this, the 'bubbles,' so far as they were concerned, amply justified their existence. So long as there was something to sell, it did not in the least matter what it was, for the second purchaser bought it with the same object as the first—to get rid of it at a profit so soon as possible. Indeed, anything

¹ John Manners, second Duke of Rutland (d. 1721).

² Scroop Egerton, fourth Earl and first Duke of Bridgewater (1681–1745), the constructor of the Bridgewater canal; created Duke, 1720. His first wife was Elizabeth, daughter of the first Duke of Marlborough.

Royal Fishery of Great Britain

*They sail of distant Seas, of Ships, and Fish,
And wish the Sails of Royal Sild their Fish:
When all that the Projectors, Kings or Merchants,
Is to catch Fish, the only Chance they Fish for.*

Water Engine

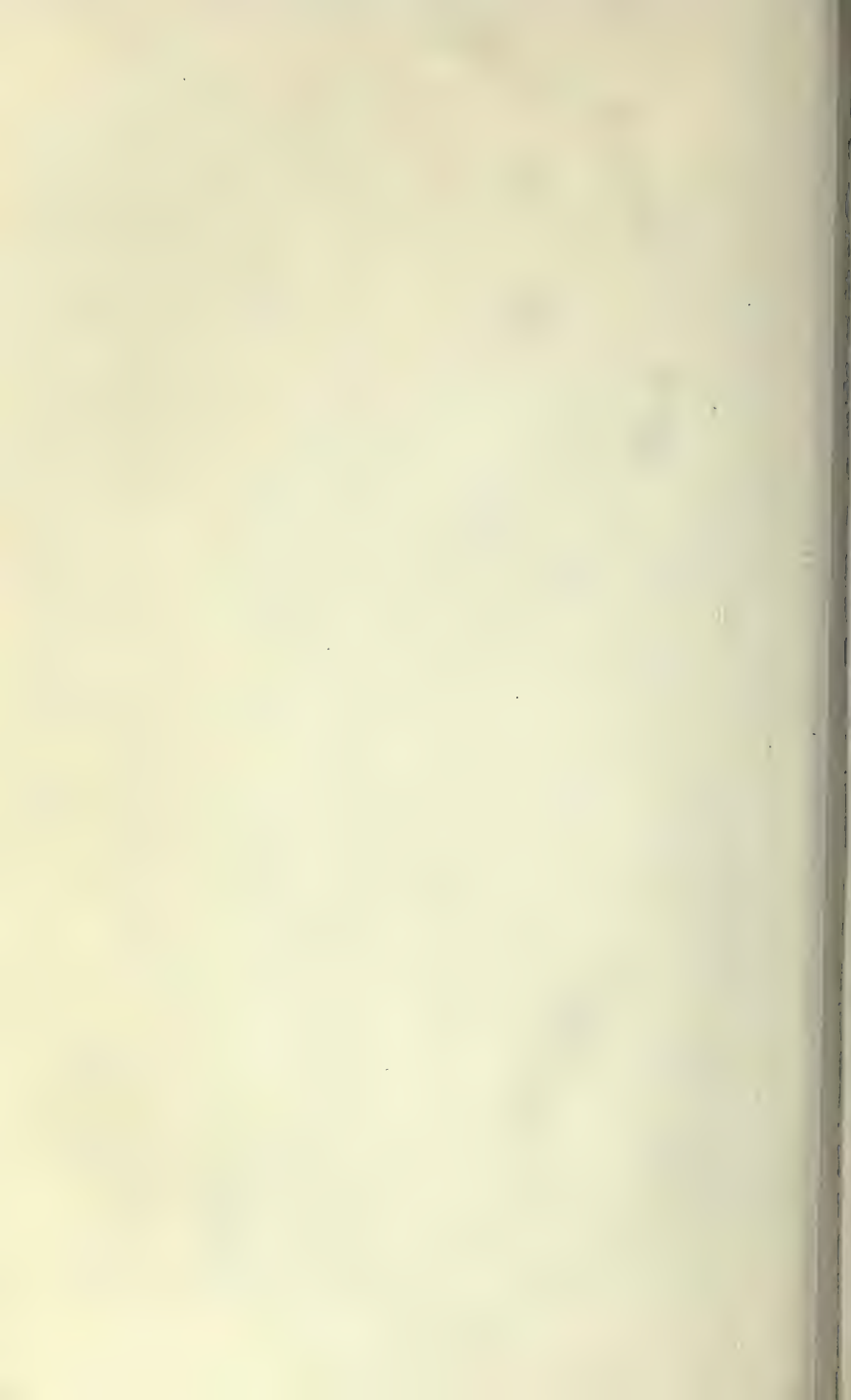
*Come all ye Cults my Water Engine buy,
Ye Pump your flooded Meads, and Cole the dry;
Some Project are all Wind, but ours is Water,
And this at present low, may rise hereafter.*

Lending Money upon Bottom-Rise

*Some lend their Money for the sake of More,
And Others borrow to Enlarge their Store;
Both these do oft Engage in Bottom-Rise,
But oftentimes the Bottoms of the Sea.*

Insurance on Lives

*Come all ye Men your Wives, with your Wives,
Before you'd send them, on your precarious Lives;
That is your comfort, when you're Dead & Rotting,
Your Widows may be Rich when you're forgotten.*



served for the purpose—it was merely used as a gambling-counter. 'We can well remember,' Macpherson has written, 'one of these names, "Globe Permits," which came to be currently sold for £60 upwards in the Alley, which nevertheless was only a square bit of playing-card, on which was the impression of a seal in wax, being the sign of the Globe Tavern in the neighbourhood, with the motto or inscription of sail-cloth permits (without any name signed thereon), the possessors thereof to be hereafter permitted to subscribe to a new sail-cloth manufactory, projected by one who was then known to be a man of fortune, though afterwards involved in great calamities and disgrace.'¹ The wise bought one day and sold the next—sometimes, indeed, the same day, for, such was the confusion, that shares were cried occasionally at the same time ten per cent. higher at one end than the other of 'Change Alley.

- ' Subscribers here by thousands float,
And jostle one another down ;
Each peddling in his leaky boat,
And here they fish for gold, and drown.
- ' Now buried in the depth below,
Now mounted up to Heaven again,
They reel and stagger to and fro,
At their wits' end, like drunken men.
- ' Meantime, secure on Garway's² cliffs
A savage race, by shipwreck fed,
Lie waiting for the founder'd skiffs,
And strip the bodies of the dead.
- ' But these, you say, are factious lies,
From some malicious Tory's brain ;
For, where directors get a prize,
The Swiss and Dutch whole millions drain.

¹ *Annals of Commerce*, III., 89.

² Garraway's Coffee-house.

‘ Thus, when by rooks a lord is plied,
Some cully often wins a bet,
By venturing on the cheating side,
Though not into the secret let.

‘ While some build castles in the air,
Directors build them in the seas,
Subscribers plainly see them there,
For fools will see as wise men please.’¹

In vain were warnings increasingly given by those who were clear-sighted enough to realise that disaster, total and crushing, must inevitably be the result of this mad gambling. To Chetwood² must be given great credit for his endeavours to stem the craze by pouring ridicule upon it in his little satires, ‘ South Sea, or, The Biters Bit, a tragi-comi-pastoral farce, humbly inscribed to the reading of the honest director ’; and ‘ The Stock-Jobbers, or, The Humours of Exchange Alley.’ ‘ Exchange Alley, or, The Stock-Jobber turned Gentleman; with the Humours of our Modern Projectors. A tragi-comical farce, humbly inscribed to the gentlemen daily attending at Jonathan’s Coffee-house ’ was also from his pen. ‘ Exchange Alley ’ has a preface, which indicates the purpose of the author :—

‘ The whims of the stocks in this kingdom is of late so far cultivated and improved from a foreign example, that one might reasonably conclude the numerous inhabitants of this great metropolis had for the most part deserted their stations, business, and occupations; and given up all pretensions to industry, in pursuit of an imaginary profit.

‘ If your occasions be never so urgent for a mercer, a tailor, a shoemaker, etc., they are nowhere to be met

¹ Swift: *The South Sea Project*.

² William Rufus Chetwood (d. 1766), bookseller and dramatist, author of a ‘ General History of the Stage,’ 1749.

with but at the Royal Exchange. If you resort to any public office or place of business, the whole enquiry is, How are the stocks? If you are at a coffee-house, the only conversation turns on the stocks; even the scandal of the tea-table is forgotten. If you repair to a tavern, the edifying subject (especially to a philosopher) is the South Sea Company; if you wait on a lady of quality, you'll find her hastening to the House of Intelligence in Exchange Alley; and what is strange and wonderful, her very dress, diamond shoe-buckles, and garters, are neglected for the stocks.

' Even smocks are deposited to help make up the security for cash; jewels pawned to raise money for the purchase of ruin—and, perhaps, wives and daughters have been mortgaged for the very same purpose. To that degree of lunacy are the people of this age arrived, that they'll be nowhere eased of the burden of their case but in Exchange Alley. Twenty per cent. is parted with for a bare week's loan of one hundred pounds, in expectation of a miser's gain (though the consequence be further loss); and if fame be not a great calumniator, some persons of distinction have generously condescended to lay in limbo their St——rs and G——rs.

' When these extraordinary events are considered, and women of the town are become dealers in the stocks, valets de chambre, footmen, and porters (as well as merchants, tradesmen, and pickpockets) walk on the Exchange, and ride in their coaches at the same time some good-natured gentlemen have quitted them; projectors successfully bubble the public in all their schemes; sharpeners leave their gaming-tables in Covent Garden for the more profitable business at Jonathan's Coffee-house; and even poets commence stock-jobbers, it is high time to pronounce Exchange Alley truly a farce.'

The *dramatis personæ* of 'Exchange Alley' includes

MISSISSIPPI	<i>A merchant dealing in stocks,</i>
BITE	<i>A stock-jobber,</i>
CHEAT-ALL	<i>A broker,</i>
BUBBLE	<i>A promoter,</i>
AFRICANUS	<i>A new created gentleman,</i>
CRAVE-MOVE	<i>A female stock-jobber ;</i>

and the little skit, though in a crude manner, hit off effectively the folly of the day. One scene, especially, put the matter very clearly before those who had eyes to see.

'BUBBLE. First an Insurance of ships to the spacious World of the Moon—a project for building a fleet of flying ships of the greatest burden . . . noses insured from fire . . . to furnish rods to flog the universities abroad—to make hoop petticoats—to show bears, monkeys, and monsters—to make hempen halters—I think this is an ample list of projects, Mr. Cheat-all.

'CHEAT-ALL. You're right ; but what will be the certain depending profit from these mighty schemes ?

'BUBBLE. Only as much as we can genteelly get by subscription——

'CHEAT-ALL. What will that amount to ?

'BUBBLE. About four or five millions—a sum which will make three or four persons very easy in their circumstances.

'CHEAT-ALL. But I'm afraid of the Charter for Halters, lest our necks should be deservedly slipt into the suffocating noose.

'BUBBLE. There's no danger of that, my dear. I've a certain charm that will effectually gain the consent of the subscribers, and they'll be more ready to part with their money than we to receive it.

' CHEAT-ALL. What alluring bait is that, my dear ?

' BUBBLE. Only that of extraordinary gain—a plausible scheme for procuring them cent. per cent. is a snare they have no power to avoid. They'll deposit their cash with eagerness, and, like the dog in the fable, catching at the shadow, willingly resign the substance.

' CHEAT-ALL. I find by experience you're a man of design.

' BUBBLE. To convince you that I have already found success—there's a subscription for one million which I completed last week—for five hundred thousand pounds I have filled this week in one day—and one hundred thousand pounds in an hour. (*Pulling out papers.*)

' CHEAT-ALL. You are a person of business indeed—and uncommon dispatch.

' BUBBLE. I'll dispatch their money, old boy. I shall now be no longer without those dear companions, a bottle and a mistress ; and I've already bespoke a coach-and-six, half a dozen liveries, am treating for an estate of four thousand pounds a year, and all at the expense of the public. Oh, here comes a set of subscribers for the day.

(*Enter several subscribers of both sexes.*)

' FIRST SUBSCRIBER. Sir, I'm come to insure my ship and family to the World of the Moon. There's my subscription (*giving bubble money*). Is it a pleasant country ?

' BUBBLE. The pleasantest climate in the world, sir. When I was last there at Christmas, the meadows were beautifully green and odoriferous, and the corn almost in its full perfection of ripeness.

' SECOND SUBSCRIBER. There's my subscription to-

wards the fleet of flying ships. But how d'ye prepare the wings, Mr. Bubble ?

'BUBBLE. Dexterously, sir. The vessels are so finely and artificially built, that the single wing of a goose is sufficient to waft them through the air with the expedition of the swiftest bird.

'SECOND SUBSCRIBER. Wonderful truly.'

These well-intentioned folk, bleating their simple warnings, might as well have kept their breath to cool their porridge. In vain did newspapers point out the folly of it all. No one heeded. Not even when a paper announced that at some (sham) address, 'On Tuesday next, books will be opened for a subscription of £2,000,000 for the invention of melting down sawdust and chips, and casting them into clean deal boards without cracks or knots,' did people pause in their wild career. Not even a practical joke made any appreciable impression on them. 'Here has been the oddest bite put upon the Town that ever was heard of,' so ran a paragraph in the *Weekly Packet*, January 2, 1720. 'We having of late had several new subscriptions set on foot for raising great sums of money for erecting offices of Insurance, etc., at length some gentlemen, to convince the world how easy it was for projectors to impose upon mankind, set up a pretended office in Exchange Alley for the receiving of subscriptions for raising a million of money to establish an effectual Company of Insurers, as they called it. Upon which, the day being come to subscribe, the people flocked in, and paid five shillings for every £1,000 they subscribed, pursuant to the Company's proposal; but after some hundreds had so subscribed (that the thing ought to be freely known) the gentlemen were at the expense to advertise that the people might have their money back

again without any deductions ; and to let them know that the persons who paid in their money contented themselves with a fictitious name, set by an unknown hand, to the receipts delivered out for the money so paid in ; and that the said name was composed only of the first letters of six persons' names concerned in the said publication.'

These *jeux d'esprits*, however, failed entirely of their purpose, because, as a matter of fact, they were scarcely burlesques of the objects of many of the ' bubbles.' A company to produce ' a wheel for perpetual motion ' demanded £1,000,000 ; and three times that sum was asked for by another company for the deliciously indefinite purpose of ' trading in, and improving, certain commodities of the produce of this kingdom.' A scheme for ' a grand dispensary ' required a capital of £3,000,000 ; and promoters desired vast sums for concerns formed ' for the more effectual making of bays in Colchester and other parts of Great Britain,' and ' for buying and fitting out ships to suppress pirates.' Besides the schemes designed merely to benefit their projectors, there were also companies constructed for purposes dear to the heart of the promoter, with whom personal profit was a secondary consideration. Every man who had a hobby now exploited it. Sir Richard Steele believed it possible to ' bring fresh fish by sea to London ' ; and a visionary thought it would be profitable to extract silver from lead. Aaron Hill's¹ project for ' making beach-oil ' was revived ; and Jezreel

¹ Aaron Hill (1685-1750), poet and dramatist, being granted in 1713 a patent for a method of extracting oil from beechmast, founded a company with a capital of £45,000, which collapsed three years later. When the scheme was revived in 1720, there is no evidence that he was connected with it.

Jones¹ wanted to develop the trade with Barbary; and Sir Robert Montgomery² that to the Golden Islands; while Sir Richard Manningham³ wanted to plant mulberry-trees and breed silk-worms in Chelsea Park. James Puckle⁴ formed a company to exploit his machine gun; and a clergyman was consumed with the desire to import jackasses from Spain in order to propagate a larger kind of mule in England, for which purpose he acquired marsh lands near Woolwich. So many and curious were the unauthorised companies in existence in 1720 that the following list, though by no means complete, will be found at once instructive and amusing.⁵

INSURANCE COMPANIES:—Sadler's Hall Insurance (afterward united to the Royal Exchange Assur-

¹ Jezreel Jones (d. 1731), traveller, visited Barbary in 1698 and again in 1701. Three years later he went as British envoy to Morocco.

² Sir Robert Montgomery, of Skelmorlie, eleventh baronet (1680–1731). He received in 1717 from the Lords Proprietors of Carolina a grant of lands between the rivers of Altamaha and Savanna, which he proposed to colonise. The Crown subsequently assuming the government, the project to settle the Golden Islands was perforce abandoned.

³ Richard Manningham (1690–1759), man-midwife, knighted 1721. He figures in 'Tristram Shandy,' and was the author of several works on obstetrics. Two thousand mulberry-trees were planted and many large and costly buildings were erected at Chelsea; but the scheme came to nothing.

⁴ James Puckle (1667?–1724), author of 'The Club.' He had in 1718 taken out a patent for his invention of a quick-firing gun.

⁵ The verses given in the foot-notes are taken from the 'bubble playing-cards,' each of which has an engraving and some lines 'by the author of the "South Sea Ballad" and the "Tippling Philosopher"' relating to one of the projects. This was advertised in the *Post Boy*, October 20, 1720; and there is a pack in the British Museum. The author has been unable to trace 'A new pack of Stock-Jobbing cards,' with lines by the same writer, advertised on the following December 10 in the *Weekly Packet* and *Mist's Weekly Journal*.

ance)¹; British Assurance²; Shaler's Assurance; General Insurance against Fire (capital, £1,200,000)³; Friendly Society for Insurances; For insuring of horses and cattle (capital, £2,000,000)⁴; For insuring of houses and goods in Ireland; For insuring against theft and robbery; For insuring to all masters and mistresses the losses they shall sustain by servants (capital £3,000,000); For assurance of seamen's wages; For insuring and increasing children's fortunes.

FINANCIAL COMPANIES :—The Bottomry Society⁵;

¹ *Insurance on Lives.*

' Come all ye gen'rous husbands, with your wives,
Insure round sums on your precarious lives;
That to your comfort, when you're dead and rotten,
Your widows may be rich when you're forgotten.'—

[*Six of Spades.*]

² *Insurance on Ships, etc.*

' In vain are all insurances, for still
The raging winds must answer Heaven's will;
To what wise purpose do we then insure,
Since some must lose whate'er the sea devour.'—

[*Six of Diamonds.*]

³ *Insurance from Fire.*

' Projecting sure must be a gainful trade
Since all the elements are bubbles made.
They're right that gull us with the dread of fire,
For fear makes greater fools than fond desire.'—

[*Seven of Clubs.*]

⁴ *Insurance on Homes.*

' You that keep houses to preserve your ease,
And pads to please your wives and mistresses,
Insure their lives, and if they die we'll make
Full satisfaction, or be bound to break.'—

[*Four of Diamonds.*]

⁵ *Lending money upon Bottom-ree.*

' Some lend this money for the sake of more,
And others borrow to increase their store;
Both these do oft engage in bottom-ree,
But curse sometimes the bottom of the sea.'—

[*Queen of Clubs.*]

The Million Bank; For lending money to merchants to pay their duties, for purchasing Government securities, for granting annuities, and for building ships to let for freight¹; For lending money on stocks, annuities, tallies, etc.; For lending money at interest; For erecting loan offices for the assistance and encouragement of the industrious poor (capital, £2,000,000); For paying pensions to widows, etc., at a small discount (capital, £2,000,000); For buying seamen's tickets; For general remittance and insurance of debts; Slogden's Insurances; West's permits for buying and selling stock.

LAND AND BUILDING COMPANIES:—For purchasing and leasing improbable lands in Great Britain (Sir John Lambert's project; capital, £4,000,000)²; For improving lands in Flintshire (capital, £1,000,000); For purchasing and improving fenny lands in Lincolnshire (capital, £2,000,000); For purchasing and improving a royalty in Essex; For purchasing the forfeited estates (capital, £1,200,000); For purchasing, or recovering, estates illegally detained³; For buying and selling

¹ *Building ships to let for freight.*

'Who but a nest of blockheads to their cost
Would build new ships for freight when trade is lost;
To raise fresh barks must surely be amusing
When hundreds rot in docks for want of using.'—

[*Seven of Hearts.*]

² *Sir Jn. L.—'s improvement of land.*

'The famous knight that is the sole projector
Of this new Bubble is a South Director,
But 'twould be better taken at his hands
To raise for South Sea than improve poor lands.'—

[*Ace of Diamonds.*]

³ *Purchasing of estates illegally detained.*

'You that have dormant titles to estates,
Pil'd on your closet shelves to feed the rats,
Sell them to us, we'll gratify your spite
And plague the rogues that rob you of your right.'—

[*Ten of Diamonds.*]

St. J's L — is Im-
provement of Land



*The famous Knight that is the sole Proprietor
Of the New Bubble is a South Director,
That would be better taken at his word
To say: Poor South Sea than Improve Poor Land.*

Furnishing of Funerals to
all parts of Great Britain



*Come all ye, Noble Mortals, Die away,
And solemn Purses your Boxes do fill;
Old Ragsy Hackneys shall attend each Stage,
And four Crows in Black Coats complete the Car.*

Insurance on Horses

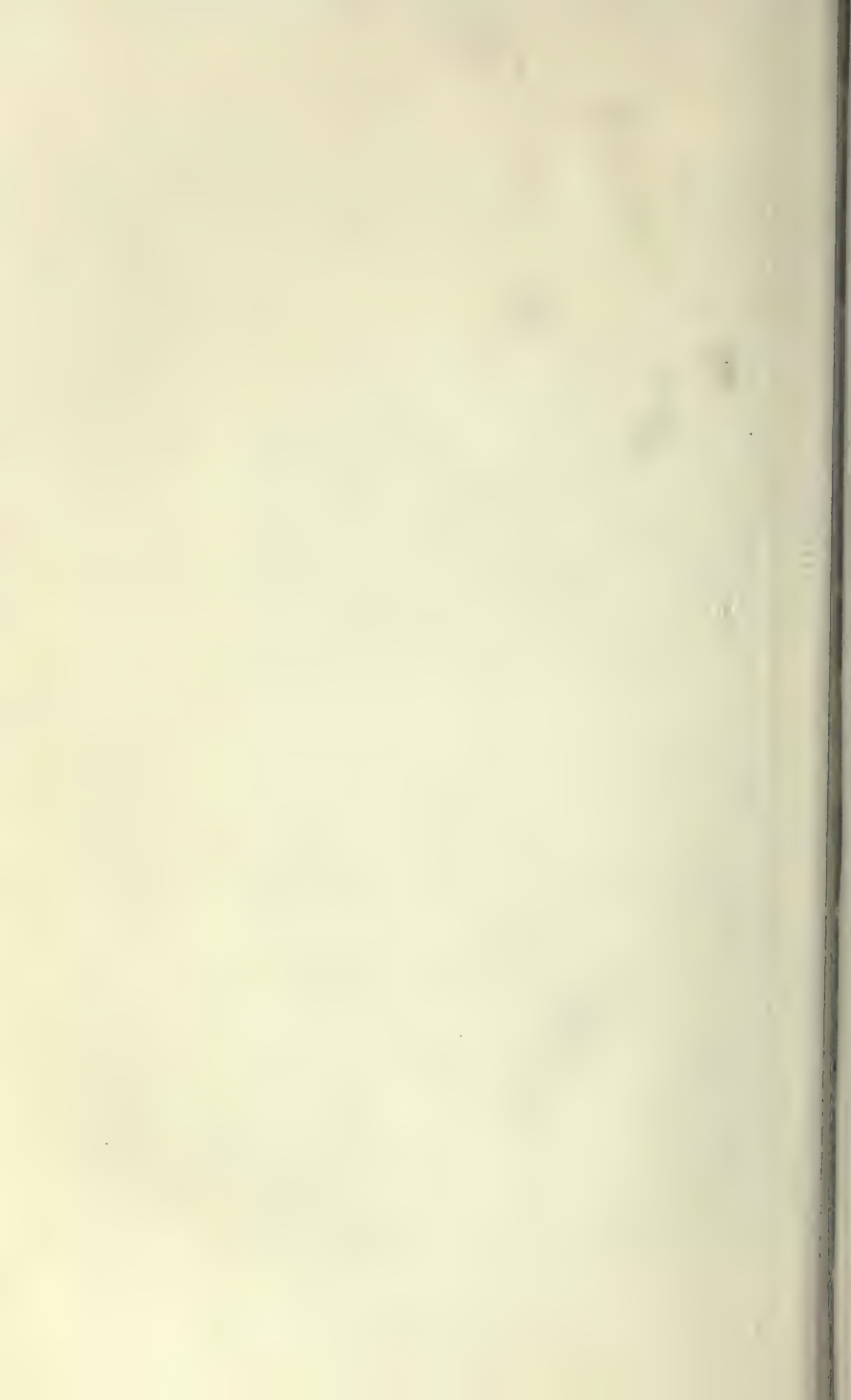


*Now that keep Horses to improve your Trade
And Poles to plough your Meads, and Mistles, A
Learn their Loss, and if they die will make
Your Satisfaction to be bound to Plead.*

Settling Colonies in
Accadia North America



*As that is Rich, and wants to Feed us up,
Aspiring Sons, in North America,
Let him Advertise himself a Settling there,
And Miss Bees, shall Honour him as Bees.*



lands, and lending money at interest (capital, £5,000,000); For the effectual making of bays in Colchester and other parts of Great Britain; For purchasing lands for the corn-trade¹; For purchasing lands, and the improvement of tillage and the breed of cattle; For erecting turnpikes and wharves; For the improving of gardens; For improving the breed of horses, and the improvement of glebe and church lands, and rebuilding parsonage and vicarage houses; For planting madder; For manuring of land²; For purchasing grounds to build on in London (capital, £2,000,000); For building and rebuilding houses throughout England (capital, £3,000,000); For erecting houses or hospitals for taking in and maintaining bastard children (capital, £2,000,000); For cleansing and paving London streets (capital, £2,000,000).³

FISHERY COMPANIES:—For carrying on the Royal Fishery of Great Britain (capital, £10,000,000)⁴;

¹ *The Freeholder.*

' Come, all ye spendthrift prodigals that hold
Free land and want to turn the same to gold;
We'll buy you all, provided you'll agree
To drown your purchase-money in South Sea.'—

[*King of Clubs.*]

² *Manuring of land.*

' A noble undertaking but abus'd,
And only as a tricking bubble us'd;
Much they pretend to, but the public fear
They'll never make corn cheap, or horse dung dear.'—

[*Two of Hearts.*]

³ *Cleaning the streets.*

' A cleanly project well approv'd, no doubt,
By strolling dames, and all that walk on foot;
This bubble well deserves the name of best,
Because the cleanest bite of all the rest.'—

[*Three of Spades.*]

⁴ *Royal Fishery of Great Britain.*

' They talk of distant seas, of ships and nets,
And with the style of Royal gild their baits;

Cawood's North Sea Fishery; British Fishery; Grand American Fishery¹; Greenland Whale Fishery (Sir John Lambert's project)²; Greenland Trade Fishery³; Garraway's (or Pillan's) Fishery; Free Fishery; Coral Fishery⁴; Orkney Fishery; National Permits for a Fishery (George James's project; capital, £300,000).

WATER, RIVER, AND HARBOUR COMPANIES:—For repairing Morison's Haven; For an engine to take up ballast; For making the river Dee, in Cheshire, navigable; For making the river Douglas navi-

When all that the projectors hope or wish for,
Is to catch fools, the only chubs they fish for.'—

[*Five of Hearts.*]

¹ *Grand Fishery.*

'Well might this bubble claim the style of grand,
Whilst they that raised the same could fish by land;
But now the town does at the project pish,
They've nothing else to cry but stinking fish.'—

[*Two of Spades.*]

² *Whale Fishery.*

'Whale fishing, which was once a gainful trade,
Is now by cunning heads a bubble made;
For round the 'Change they only spread their sails,
And to catch gudgeons bait their hooks with whales.'—

[*King of Hearts.*]

³ *Greenland Trade.*

'This project was to catch, to cut, and boil
Huge whales and other monstrous fish to oil,
A stinking bubble, tho' of late so dear,
Yet now the greatest sharers shrink for fear.'—

[*Two of Diamonds.*]

⁴ *Coral Fishery.*

'Coral, that beauteous product only found
Beneath the water and above the ground,
If fish'd for as it ought from thence might spring
A Neptune's palace for a British King.'—

[*Knave of Diamonds.*]

gable¹; For bringing water by a new canal from St. Albans to London; For bringing water by a new canal from Richmond to London; For bringing fresh water to Liverpool²; York Buildings (capital, £1,200,000)³; For making salt water fresh; For an engine to supply fresh water for the inhabitants of the town of Deal in Kent; For a water engine⁴; Fish Pool, for bringing fresh fish by sea to London (Sir Richard Steele's project).⁵

METAL, MINERAL, AND MINING COMPANIES :—For improving the tin and lead mines of Cornwall and Devon-

¹ *River Douglas.*

' Since bubbles came in vogue, new arts are found
To cut thro' rocks and level rising ground,
That murm'ring waters may be made more deep
To drown the knave and let the fools asleep.'—[*Ace of Spades.*]

² *Liverpool Fresh Water.*

' This town does to our western islands deal,
And serves 'em with malt liquors and with meal,
Both excellently good! Then how in nature
Can people brew fine drink that want fresh water?'—
[*Nine of Clubs.*]

³ *York Buildings.*

' You that are blest with wealth by your Creator,
And want to drown your money in Thames Water,
Buy but York Buildings, and the cistern there
Will sink more pence than any fool can spare.'—
[*Five of Spades.*]

⁴ *Water Engine.*

' Come, all ye culls, my water engine buy
To pump your flooded mines and coal-pits dry;
Some projects are all wind, but ours is water,
And though at present low, may rise herea'ter.'—
[*Four of Hearts.*]

⁵ *Fish Pool.*

' How famous is the man that could contrive
To serve this glut'nous town with fish alive!
But now we're bubbl'd by his fishing pools,
And as the men catch fish the fish catch fools.'—
[*Four of Spades.*]

shire ; For smelting lead ; Copper Miners of the Principality of Wales ¹ ; The Mine-Adventurers of England ; For improving the lead mines of Gloucestershire ; For sinking pits and making lead ore in Derbyshire ; Temple Mills brass-works ² ; For improving English copper and brass ³ ; For improving the Jamaica mines ; For making iron with pit coal ; For improving Mr. Wood's iron-works and manufactories ; For erecting mills for the milling of lead, and purchasing of lead-mines, etc. (capital, £2,000,000) ; For carrying on and improving the British Alum works ; For importing Swedish iron ; For the wrought iron and steel manufactures in Great Britain (capital, £4,000,000) ; For working tin plates, or whited iron plates ; For the transmutation of silver into a malleable fine metal ; For extracting silver from lead.

OIL, SALT, AND SUGAR COMPANIES :—For making rape-oil ; for making beech-oil (Aaron Hill's project) ; for making oil from poppies ; for making oil from sunflower

¹ *Welch Copper.*

' This Bubble for a time may currant pass,
Copper's the title, but will end in brass ;
Knaves cry it up, fools buy, but when it fails
The losing crowd will swear, 'cot's splutt'r a nails.'—

[*Nine of Spades.*]

² *Temple Mills.*

' By these old mills strange wonders have been done,
Numbers have suffer'd, yet they still work on ;
Then tell us which have done the greater ills,
The Temple lawyers, or the Temple Mills ? '—

[*King of Diamonds.*]

³ *English Copper and Brass.*

' The headlong fool that wants to be a swopper
Of gold and silver coin for English copper
May in 'Change Alley prove himself an ass
And give rich mettle for adult'rate brass.'—

[*Nine of Hearts.*]

seed ; for making oil from raddish seed ¹ ; Salt Project ; Rock Salt Project ² ; Saltpetre ³ ; Salt pans in Holy Island (capital, £2,000,000) ⁴ ; For refining of sugar ; For bleaching of coarse sugar without the use of fire or loss of substance. ⁵

MANUFACTURING COMPANIES :—Lute-string Company (capital, £1,200,000) ⁶ ; Sword-blade Company ; For

¹ *Raddish Oil.*

' Our oily project, with the gaping town
Will surely for a time go smoothly down.
We sow and press, to carry on the cheat,
To bite 'Change Alley is not fraud but wit.'—[*Knave of Spades.*]

² *Rock Salt.*

' You that are willing to preserve your meat,
In winter sav'ry and in summer sweet ;
Encourage this salt project, and your coin
Will turn to some account, at least to brine.'—

[*Seven of Diamonds.*]

³ *Saltpetre.*

' Come, all ye black infernal powder makers
And rocketeers that deal in squibs and crackers,
Buy petre stock—let me be your adviser—
'Twill make you (tho' not richer) much the wiser.'—

[*Four of Clubs.*]

⁴ *Holy Island Salt.*

' Here by mix'd elements of earth and water,
They make a mud that turns to salt herea'ter,
To help the project on among 'Change dealers
May all bad wives like Lot's become salt-pillars,
Since crowds of fools delight to be salt-sellers.'—

[*Five of Clubs.*]

⁵ *Sugar.*

' Fair tattling gossips, you that love to see
Fine sugar blended with expensive tea,
Since you delight in things both dear and sweet,
Buy sugar shares, and you'll be sweetly bit.'—[*Five of Clubs.*]

⁶ *Lute-string.*

' These crafty managers have play'd for years
The world as many tricks as dancing bears ;
By bubbling, too, they've broke their ancient rules,
They first made lute-strings, but they now make fools.'—

[*Ace of Clubs.*]

making fire-engines; For drying malt by hot air¹; For improving malt liquors (capital, £4,000,000); For raising hemp and flax in England²; For planting hemp and flax in Scotland and Ireland, and making sail-cloth, cordage, etc.; For the manufacture of hollands and sail-cloth; For a sail and packing cloth manufactory in Ireland³; For the making of cambric and lawn; For the making of muslin; For improving the cotton and the silk-and-cotton manufactures; For the improving and the increasing of the silk manufactures; For preparing tobacco for making snuff⁴; For making glass-bottle and glass; For making glass coaches and looking-glasses (capital, £2,000,000); For making pitch, tar, and turpentine; For making panteles; For making the Manchester stuffs of thread and cotton; The Frame-work

¹ *Drying malt by the air.*

‘Of all the windy projects now in vogue
To fleece the fool and feed the cunning rogue,
The malting bubble seems to be most fair,
Because our maltsters own they work by air.’—

[*Eight of Hearts.*]

² *Hemp and Flax.*

‘Here hemp is sow’d, for stubborn rogues to die in,
And softer flax, for tender skins to lie in;
But should the useful project be defeated,
The knaves may prosper, but the fools are cheated.’—

[*Ace of Hearts.*]

³ *Irish Sail-cloth.*

‘If good St. Patrick’s friends should raise a stock,
And make in Irish looms true Holland’s duck,
Then shall this noble project by my shoul
No longer be a bubble but a bull.’—[*King of Clubs.*]

⁴ *Curing Tobacco for Snuff.*

‘Here slaves for snuff are sifting Indian weed,
Whilst their o’erseer does the riddle feed,
The dust arising gives their eyes much trouble;
To shew their blindness that espouse the Bubble.’—

[*Queen of Hearts.*]

Knitters¹; For making china and delft ware (capital, £1,000,000); For improving the paper manufactures in Great Britain; For the making of paste-board, packing paper, etc.²; For making starch; For improving the art of making soap; For making Joppa and Carlisle soap.

TRADING COMPANIES:—For dealing in hogs³; For buying of naval stores, supplying the victualling and paying the wages of workmen; For carrying on the common trade of Great Britain; For supplying London with sea-coal (capital, £3,000,000); For supplying the London market with cattle; For furnishing the cities of London and Westminster and the suburbs with hay and straw; For trading in human hair; For buying and importing Flanders lace; For trading in laces, hollands, cambrics, lawn, etc. (capital, £2,000,000); For importing timber from Wales; For importing timber from Germany⁴; For trading to His Majesty's

¹ *Stockings.*

' You that delight to keep your sweaty feet,
By often changing stockings clean and sweet,
Deal not in stocking shares, because I doubt
Those that buy most, e'erlong will go without.'—

[*Seven of Spades.*]

² *Paste-board Manufactory.*

' As empty saws flow from windy fools
So paste-board bubbles rise from paper skulls;
Madness must surely be the town's disease,
When knaves get money by such tricks as these.'—

[*Two of Clubs.*]

³ *Fat'ning of Hogs.*

' Come, all ye bacon-making greasy rogues
That want good nurses for your meagre hogs,
Send them to us, and at a small expense
We'll fat 'em up, with offal, blood, and grains.'—[*Six of Clubs.*]

⁴ *Exporting Timber from Germany.*

' You that are rich and hasty to be poor,
But timber export from the German shore;
For gallouses, built up of foreign wood,
If rightly us'd, may do 'Change Alley good.'—[*Ten of Hearts.*]

German Dominions ; For trading to Harburg (capital, £1,500,000)¹ ; For the exportation of our woollen manufactures, and the importation of copper, brass, and iron ; For importing of Swedish iron ; For trading to Barbary (Jezreel Jones's project) ; For trading in Newcastle coal² ; For trading in, and improving, certain commodities of the produce of this kingdom (capital, £3,000,000).

COMPANIES TRADING TO AMERICA, ETC. :—For a settlement on the island of Santa Cruz ; For effectually settling the islands of Blanca and Sal Tortugaz ; For carrying on a trade to the river Orinoko ; For trading to the Golden Islands (Sir Robert Montgomery's project) ; For settling the Bahama Islands³ ; For settling colonies in North America⁴ ; For importing pitch and tar and

¹ *Trade to Harborough.*

' You that delight to take up foreign linen
At Harb'rough made, a little town in Bremen,
Encourage trade abroad for time to come,
And like kind fools, neglect your own at home.'—

[*Three of Clubs.*]

² *Coal Trade from Newcastle.*

' Some deal in water, some in wind like fools,
Others in wood, but we alone in coals ;
From suchlike projects the declining nation
May justly fear a fatal inflammation.'—[*Three of Hearts.*]

³ *Bahama Islands.*

' Rare fruitful isles, where not an ass can find
A verdant tuft or thistle to his mind !
How now must those poor silly asses fare
That leave this native land to settle there ?'—

[*Five of Diamonds.*]

⁴ *Settling Colonies in Accadia, North America.*

' He that is rich, and wants to fool away
A sporting sum in North America,
Let him subscribe himself a headlong sharer,
And asses' ears shall honour him a bearer.'—

[*Eight of Diamonds.*]

other naval stores from Nova Scotia and America; For importing walnut-trees from Virginia (capital, £2,000,000); For importing of hemp and flax from Pennsylvania¹; For importing beaver fur (capital, £2,000,000); For importing of tobacco, and exporting it again to Sweden, etc. (capital, £4,000,000).

MISCELLANEOUS COMPANIES :—For planting mulberry-trees and breeding silk-worms in Chelsea Park (Richard Manningham's project); For providing for employing all the poor in Great Britain (Lawrence Braddon's project)²; For the encouragement of the industrious; For recovering seamen's wages; For taking up ballast; For entering a loading goods at the Customs House and negotiating other business for merchants; For a grand dispensary (capital, £3,000,000); For the furnishing of funerals in any part of Great Britain³; The Charitable Corporation for Pledges; Wrecks to be fished for on

¹ *Pennsylvania Company.*

'Come all ye saints that would for little buy
Great tracts of land and care not where they lie,
Deal with your Quaking friends, they're men of light,
The spirit hates deceit and scorns to bite.'—

[*Nine of Diamonds.*]

² Lawrence Braddon (d. 1724), politician, author of 'The Miseries of the Poor are a National Sin, Shame, and Danger' (1717).

Providing for, and employing all the poor in Great Britain.

'The poor when manag'd and employ'd in trade,
Are to the public welfare useful made,
But if kept idle from their vices spring
W—s for the stews and soldiers for the King.'—

[*Ten of Spades.*]

³ *Furnishing of Funerals to all parts of Great Britain.*

'Come all ye sickly mortals, die apace,
And solemn pomps your funerals shall grace,
Old rusty hackneys shall attend each hearse,
And scarecrows in black gowns complete the farce.'—

[*Queen of Diamonds.*]

the Irish Coast; For a more inoffensive method of emptying or cleansing necessary houses; Puckle's machine gun¹; For employing artificers and furnishing merchants and others with watches; For buying and fitting out ships to suppress pirates; Globe Permits; For the importing of jackasses from Spain; For a wheel for perpetual motion (capital, £1,000,000); For an undertaking which shall in due course be revealed.

It was enough for any man to take a room near 'Change Alley, and advertise a 'bubble' in the newspapers, for people to flock to him and beg him to take their money. 'The hurry of our stock-jobbing bubblers especially has been so great this week that it has even exceeded all that was ever known before,' said a writer in the *London Journal*, June 11. 'The subscriptions are innumerable; and so eager all sorts of people have been to engage in them, however improbable or ridiculous soever they have appeared, that there has been nothing but running about from one coffee-house to another, and from one tavern to another, to subscribe, without examining what the proposals were. The general cry has been "For G——'s sake let us but subscribe to something, we do not care what it is!" So that, in short, many have taken them at their words, and entered them adventurers in some of the grossest cheats and improbable undertakings that ever the world heard of; and yet, of all these, the projectors have got money, and

¹ *Puckle's Machine.*

'A rare invention to destroy the crowd
Of fools at home instead of foes abroad;
Fear not, my friends, this terrible machine,
They're only wounded that have shares therein.'—

[*Eight of Spades.*]

have now their subscriptions full as soon as desired.' Incredible as it may sound, a thousand persons in one morning paid two guineas each, as a first instalment for shares in a company 'for carrying on an undertaking of great importance, but nobody to know what it is.' No reader will be surprised to hear that the projector of this enterprise went off in the afternoon with the money, and never reappeared upon the scene.

Some of the new companies, controlled by wiser heads than the rest, desired to secure authorisation by the Legislation for their incorporation, and amongst these were the Royal Exchange and London Assurance Companies, of which, respectively, Lord Onslow¹ and Lord Chetwynd² were the Governors. These companies endeavoured to enlist the support of the House of Commons, but in this they failed. As a last resource, the managers, being aware that the Civil List was in arrears, approached the Government with an offer of £600,000 towards the discharge of the debt, on condition that the sanction of Parliament for the establishment of these institutions was obtained, and Royal Charters granted. 'These bubbles Walpole and Craggs had engaged in, and they would hear no other proposals, though others offered double what they did,' Lady Cowper wrote in her 'Diary' on May 4; on which day Aislabie delivered to the House of Commons a Message from the King: 'His Majesty having received several petitions from great numbers of the most eminent merchants of

¹ Thomas Onslow, second Baron Onslow of Onslow (1682?-1740).

² Walter Chetwynd, first Viscount Chetwynd of Bearhaven, co. Kerry, M.P. for Stafford, 1702-1711, 1712-1722, 1725-1734; Master of the Buckhounds, 1705-1711; Ranger of St. James's Park, 1714-1727; created an Irish peer, 1717.

the City of London, humbly praying that he would be graciously pleased to grant them his Letters Patents for erecting corporations to insure ships and merchandise ; and the said merchants having offered to advance and pay a considerable sum of money for his Majesty's use, in case they may obtain Letters Patents accordingly ; his Majesty being of opinion that erecting two such corporations exclusive only of all other corporations and societies for insuring of ships and merchandise, under proper restrictions and regulations, may be of great advantage and security to the trade and commerce of the kingdom, is willing and desirous to be strengthened by the advice and assistance of this House in matters of this nature and importance. He therefore hopes for their ready concurrence to secure and confirm the privileges his Majesty shall grant to such corporations, and to enable him to discharge the debts of his civil government, without burdening his people with any new aid or supply.' A Bill was forthwith introduced, sanctioning the establishment of these concerns, and, while not interfering with the right of private persons to practise insurance on ships and merchandise as formerly, made such business exclusive to them as corporations, the South Sea and East India Companies excepted, which might still continue to advance money on bottomry.

To this Bill was attached a clause 'for restraining several extravagant and unwarrantable practices.' This caused widespread dismay in certain circles, for it struck at the very vitals of the 'bubbles,' and made it very clear that their days were numbered. The general public in those days knew little of what was being done in Parliament, and promoters were thus able to take advantage of the interval between the introduction of

the Bill and its becoming law. 'The new stocks erected in the City are numberless,' Thomas Harley wrote to Lord Oxford, May 31, 1720; 'but many of them are dying like flies with a blast of cold wind upon the Bill depending to establish some and sink the rest. When that Bill passes, the Parliament is to rise, and, soon after, the King goes to Germany.'¹ The Royal Assent was given to the Bill² on June 11; and on that day the following Proclamation was issued by His Majesty in Council:—

'GEORGE R.

'Whereas in and by an Act made in the last Session of Parliament [intituled, An Act for the better securing certain powers and privileges intended to be granted by his Majesty by two Charters for Assurance of Ships and Merchandise at sea, and for lending money upon bottomry, and for restraining several extravagant and unwarrantable practices therein mentioned] reciting, That several projects of different kinds have, since the twenty-fourth day of June, 1718, been publicly contrived and practised within the City of London, and other parts of this kingdom, as also in Ireland, and other our dominions, which manifestly tend to the common grievance of our subjects in their trade, and other their affairs; and the persons contriving or attempting such mischievous projects, under false pretences of public good, had presumed to open books for public subscriptions, and draw in unwary persons to subscribe therein towards raising great sums of money, whereupon the subscribers or claimants under them, paid small proportions thereof; which mischievous projects related to several fisheries and other affairs, wherein the trade and welfare of our subjects were concurred; and reciting, that in many cases, the said undertakers or subscribers had, since the said twenty-fourth day of June, presumed to act as if they were corporate bodies, and had pretended to make their shares in stocks transferable without legal authority; and in some cases the undertakers and subscribers had acted, or pretended to act, under some charter or charters formerly granted for some particular purposes, but

¹ *Portland MSS.*, V., 597.

² Anno 6 Georgii I. 18.

had used the same for raising joint stocks, and for making pretended transfers or assignments for their own private lucre ; and in some cases the undertakers and subscribers had acted under some obsolete charter or charters, although the same became void or voidable by nonuser or abuser, or for want of making lawful elections, which were necessary for the continuance thereof ; and many other unwarrantable practices had been, and might thereafter be, contrived, to the ruin of any of our good subjects, if a timely remedy were not provided ; and reciting further that it was become absolutely necessary, that all public undertakings and attempts, tending to the common grievance and prejudice of our subjects in their trade, or other lawful affairs, should be effectually suppressed by suitable and adequate punishments for that purpose to be established :

‘ Therefore, for suppressing such mischievous and dangerous undertakings and attempts, and preventing the like for the future, it is in and by the said Act enabled, that from and after the twenty-fourth day of June, 1720, all and every the undertakings and attempts described, as aforesaid, and all other public undertakings and attempts, tending to the common grievance, prejudice, and inconvenience of our subjects in their trade, commerce, or other lawful affairs, and all public subscriptions, receipts, payments, assignments, transfers, pretended assignments and transfers, and all other matters and things whatsoever, for furthering, countenancing, or proceeding in any such undertaking or attempt ; and more particularly the acting, or presuming to act, as a corporate body or bodies, the raising, or pretending to raise, transferable stock or stocks, without legal authority, either by Act of Parliament or any Charter from the Crown, to warrant such acting as a body corporate, or raise such transferable stock or stocks, or to transfer shares therein ; and all acting, or pretending to act, under any charter granted from the Crown for particular or special purposes therein expressed, by persons who should use, or endeavour to use, the same charter for raising a capital stock, or for making transfers, or assignments, or pretended transfers or assignments of such stock, not intended or designed by such charter to be raised or transferred ; and all acting, or pretending to act, under any obsolete charter, become void and voidable by nonuser or abuser, or for want of making lawful elections, which were necessary to continue the corporation thereby intended, should (as to all or any such acts, matters and things, as should be done, attempted and proceeded upon,

after the said twenty-fourth day of June, 1720) for ever be deemed to be illegal and void, and should not be practised or in any wise put in execution.

' And it is in and by the said Act further enacted, That from and after the said twenty-fourth day of June, 1720, all such unlawful undertakings and attempts, so tending to the common grievance, prejudice, and inconvenience of our subjects in their trade, commerce, and other lawful affairs; and the making or taking any subscriptions for that purpose, the receiving or paying any money upon such subscriptions, the making or accepting of any assignment or transfer of any share or shares upon any such subscription, and all and every other matter or thing whatsoever, for furthering, contenanceing, or proceeding in any such unlawful undertaking or attempt; and more particularly the presuming or pretending to act as a corporate body, or to raise or transfer stock or stocks, or to make transfers or assignments of any share or shares therein, without such legal authority, as aforesaid; and all acting, or pretending to act, under any charter formerly granted from the Crown for any special purposes, by persons making, or endeavouring to make, use of such charter for any such other purpose not thereby intended; and all acting, or pretending to act, under such obsolete charter as is before described, and every of them (as to all or any such acts, matters, or things, as should be so done, attempted, or proceeded upon after the said twenty-fourth day of June, 1720) should be deemed to be a public nuisance and nuisances; and the same and all causes, matters, and things relating to, and every of them, should for ever thereafter be tried and determined as common nuisances; and all offenders therein, being thereof formally convicted upon information or judgment, in any of our Courts of Record at Westminster, or in Edinburgh, or in Dublin, should be liable to such fines, penalties, and punishments, whereunto persons convicted for common and public nuisances, are by any of the laws and statutes of this realm subject and liable; and moreover should incur and sustain such further pains, penalties, and forfeitures as were ordained and provided by the Statute of Provision and Preminure, made in the sixteenth year of the reign of King Richard the Second.

' And it is in and by the said Act further enacted, That if any merchant or trader, at any time after the said twenty-fourth day of June, 1720, should suffer any particular damage in his, her, or their trade, commerce, or other lawful affairs, by occasion or means of any undertaking or attempt, matter,

or thing, by the said Act declared to be unlawful, as aforesaid, and should sue to be relieved therein, that then, and in every such case, such merchant or trader should or might have his and their remedy for the same by an action or actions to be grounded upon the said statute, against the persons, societies, or partnerships, or any of them, who, contrary to the said Act, should be engaged or interested in any such unlawful undertaking or attempt; and in every such action the plaintiff should recover treble damages with full costs of suit.

‘And it is in and by the same Act further enacted, That if any broker, or person acting as a broker, for himself, or on behalf of any others, at any time or times, after the said twenty-fourth day of June, 1720, should bargain, sell, buy, or purchase, or contract or agree for the bargaining, selling, buying, or purchasing of any share or interest of any of the undertakings by the said Act declared to be unlawful, or in any stock, or pretended stock, of such undertakers, that then, and in every such case, every such broker, or person acting as such, should not only be disabled and rendered incapable to be or act as a broker for the future, but should also lose and forfeit the sum of five hundred pounds, to be recovered, one moiety thereof to the use of us, our heirs and successors, and the other moiety thereof to the use of any person or persons who should inform or sue for the same in any of our said Courts of Records with full costs of suit; as by the said Act, amongst other clauses and things therein contained, more at large may appear.

‘And whereas we are deeply sensible of the many mischievous consequences which must inevitably ensue from the unwarrantable practices in the said Act mentioned, by ensnaring and defrauding unwary persons to their utter impoverishment and ruin, by taking off the minds of many of our subjects from attending their lawful employments, and by introducing a general neglect of trade and commerce, upon which the wealth and prosperity of our kingdom so much depend, the promoting and encouragement whereof we have always at heart, and we being determined for the reasons aforesaid, to cause the said Act to be put effectually into execution; but being willing and desirous that none of our loving subjects should be ignorant of the same, nor unwarily subject themselves to the forfeiture of their lands and tenements, goods and chattels, and imprisonment of their persons, by incurring the penalty of preminure thereby justly inflicted, have, by and with the advice of our Privy Council, thought fit to issue this our Royal Proclamation; and we do hereby strictly charge and command, that no person

or persons whatsoever, bodies public or corporate, do presume to commit or attempt any act, matter, or thing whatsoever, contrary to the provisions of the said Act, and the true intent and meaning thereof: and that the said Act of Parliament be in every particular punctually observed and kept, upon pain of the several penalties by the said Act inflicted upon offenders against the same.

' And we do hereby declare, that we will cause the said Act effectually to be put in execution, and that all assistance and due encouragement shall be given to all persons who shall discover and detect any offender or offenders against the same.

' And we do hereby strictly charge and command all mayors, sheriffs, justices of the peace, and all other our officers and ministers and all other our subjects, whom it may concern, to be very vigilant and strict in the discovery and effectual prosecution of all persons who shall in any wise offend in the premisses; and that they do use their utmost diligence in causing the said Act to be put in execution upon pain of incurring our highest displeasure.

' Given at our Palace of St. James's, the eleventh day of June, 1720, and in the sixth year of our reign.'

The majority of the 'bubbles' raised no protest, simply because it was not worth while, for their shares had fallen so low upon the issue of the Proclamation that even the most sanguine promoter must have realised that the game was up for good and all. Indeed, the promoters, having made their fortunes, asked for nothing better than to be allowed to retire with their ill-gotten gains into decent obscurity. 'The destruction of the Bubbles has been a very heavy blow to many families here, and some are entirely ruined by them,' so runs a paragraph in the *London Journal*, July 2. 'There appeared the utmost consternation in Exchange Alley the day the Act for suppressing them took place, which, because of the confusion and terror it struck among those brethren in iniquity, they called The Day of Judgment. It may be well indeed with many of them, if no future inquisition be made into their conduct in

this matter, though, if so, they would not wholly escape ; for many of those who had been the most assiduous in drawing other poor wretches in to their ruin have, besides their wealth, acquired an infamy they can never wipe off ; and as the rage of those who have drunk deep of the delusion is at this time pretty great, the others do not seem fond of appearing too much in public for the present ; they being followed with the reproaches, threats, and bitterest curses of the poor people they have delivered to their destruction. So that if all of them escape the resentment of the populace, it must be more owing to the care of the magistracy than the will or desperation of the injured.'

The majority of the promoters having disappeared almost as if by magic, the offices of the companies were closed, the staffs dispersed, and 'Change Alley was thronged only by distressed shareholders. How great was the ruin may partly be gathered from the following table :—

Companies.	Original Money paid or due.	Highest Price sold for in 1720.
Insurance against Fire .	2s. 6d. per share	£8 per share
Westley's auctions . . .	£7 10s. ,,	£100 ,,
Greenland whale fishery (Sir John Lambert's)	10s. ,,	70s. per cent.
National permits for a fishery	—	£60 each permit before any money paid down
Orkney Fisheries . . .	£25 ,,	£250 per share
Sir Richard Steele's Fish Pool	—	£160 per share before any money was paid
For bringing fresh water to Liverpool	£10 ,,	£20 per share

Companies.	Original Money paid or due.	Highest Price sold for in 1720.
For making the river Douglas navigable .	£5 per share	£70 per share
For building ships to let for freight	£1 " "	£15 " "
Salt-pans in Holy Island	£5 " "	£15 " "
Temple Mills brass-works	£10 " "	£250 " "
Globe Permits	—	£70 " "
For settling the Bahama Islands	£3 " "	£40 " "
For raising hemp and flax in England . .	2s. 6d. " "	£1 10s. " "
For importing hemp and flax from Pennsylv- vania	£2 10s. " "	£28 " "
For purchasing lands in Great Britain (Sir John Lambert's)	£5 " "	£20 " "
For trading to Harburg .	£15 per cent.	£120 per cent.
Puckle's Machine Gun .	£4 per share	£8 per share

Some few 'bubbles,' however, still defied the Act and ignored the Proclamation, and some, by pleading obsolete charters, endeavoured to exclude themselves from its operation. One of these was the Corporation of the Copper Miners of England, whose shares, on which £5 had been paid, at one time sold at £105; and this Company now endeavoured successfully to secure Royal support. 'There is a new subscription going on for what they call smelting of copper, which I take to be the refining of it,' James Craggs the younger wrote to Lord Stanhope, July 8. 'They pretend a patent, which excepts them from the bubbles, destroyed by the last Act of Parliament; and have the opinions of some eminent lawyers, that, notwithstanding that law, they may act legally under it. My Lord Westmorland was at the head of this undertaking; but his Lordship and

the persons engaged with him having represented to His Royal Highness (the Prince of Wales) the usefulness of it, he has done them the honour to accept of being their governor.' ¹ Four days later Craggs wrote again to Stanhope: 'The Speaker and Mr. Walpole could not dissuade the Prince (of Wales) from being Governor of this copper mining company, tho' they told him he would be prosecuted, mentioned in Parliament, and cried in the Alley, upon the foot of Onslow's insurance, ² Chetwynd's bubble, ³ Prince of Wales's bubble, etc. He has already got £40,000 by it.' ⁴

A further step against the unauthorised companies was taken on July 14, when the following order was issued:—

'Their Excellencies the Lords Justices in Council, taking into consideration the many inconveniences arising to the public from several projects set on foot for raising of joint stocks for various purposes, and that a great many of His Majesty's subjects have been drawn in to part with their money on pretence of assurances that their petitions for patents and charters to enable them to carry on the same would be granted: to prevent such impositions their Excellencies this day ordered the said several petitions, together with such reports from the Board of Trade and from His Majesty's Attorney and Solicitor-General as had been obtained thereon, to be laid before them, and after mature consideration thereof, were pleased, by advice of His Majesty's Privy Council, to order that the said petitions be dismissed. Which are as followeth:

'Petition of several persons, praying letters patents for carrying on a fishing trade, by the name of the Grand Fishery of Great Britain.

'Petition of the Company of the Royal Fishery of England, praying letters patents for such further powers as will effectually contribute to carry on the said fishery.

'Petition of George James, in behalf of himself and divers persons of distinction concerned in a National Fishery, praying

¹ Coxe: *Memoirs of Sir Robert Walpole*, II., 187.

² Royal Exchange Company.

³ London Assurance Company.

⁴ Coxe: *Memoirs of Sir Robert Walpole*, II., 188.

letters patents of incorporation to enable them to carry on the same.

' Petition of several merchants, traders, and others, whose names are thereunto subscribed, praying to be incorporated for reviving and carrying on a Whale Fishery to Greenland and elsewhere.

' Petition of Sir John Lambert, and others thereto subscribing on behalf of themselves and a great number of merchants, praying to be incorporated for carrying on a Greenland Trade, and particularly a Whale Fishery in Davies Straits.

' Another petition for a Greenland Trade.

' Petition of several merchants, gentlemen, and citizens thereto subscribing, praying to be incorporated for buying and building up ships to let for freight.

' Petition of Samuel Antrim and others, praying letters patents for sowing hemp and flax.

' Petition of several merchants, masters of ships, sail-makers, and manufacturers of sail-cloth, praying a charter for an incorporation to enable them to carry on and promote the said manufactory by a joint stock.

' Petition of Thomas Boyd, and several hundred merchants, owners and masters of ships, sail-makers, weavers, and other traders, praying a charter of incorporation, empowering them to borrow money for purchasing lands in order to the manufacturing sail-cloth and fine holland.

' Petition on behalf of several persons intrusted in a patent granted by the late King William and Queen Mary for the making of linen and sail-cloth, praying that no charter may be granted to any persons whatsoever for making sail-cloth, but that the privilege now enjoyed by them may be confirmed, and likewise an additional power to carry on the cotton and cotton-silk manufactures.

' Petition of several citizens, merchants and traders in London and other subscribers to a British stock for a General Insurance from Fire in any part of England, praying to be incorporated for carrying on the said undertaking.

' Petition of several of His Majesty's loyal subjects of the City of London and other parts of Great Britain thereto subscribing, praying to be incorporated for carrying on a General Insurance from Losses by Fire within the Kingdom of England.

' Petition of Thomas Burges and other His Majesty's subjects thereto subscribing, in behalf of themselves and others, subscribers to a fund of one million two hundred thousand pounds, for carrying on a trade to His Majesty's German

dominions, praying to be incorporated by the name of the Harburg Company.-

'Petition of Edward Jones, a dealer in timber, on behalf of himself and others, praying to be incorporated for the importation of timber from Germany.

'Petition of several merchants of London and others, praying a charter of incorporation for carrying on a Salt Work.

'Petition of Captain Macphaedris, of London, merchant, on behalf of himself and several merchants, clothiers, hatters, dyers, and other traders, praying a charter of incorporation, empowering them to raise a sufficient sum of money to purchase lands for planting and rearing a wood called mader for the use of the dyers.

'Petition of Joseph Galends, of London, snuff-maker, praying a patent for his invention to prepare and cure Virginia tobacco for snuff in Virginia, and making it into the same within all His Majesty's dominion.'

Even after this, a few companies still continued to do business, and, at the instance of the South Sea Company, which, thinking to serve its own interests, acted as a common informer, the Lords Justices ordered a writ of *scire facias* to be issued against the York Buildings, English Copper, and Welch Copper Companies, by name, and generally against all other projects established in defiance of the law. Before taking this step, however, they informed the Prince of Wales of their intention to include the 'bubble' with which he had associated himself: whereupon His Royal Highness, having made all the profit he could out of the transaction, promptly sent a message to the Company with which he was connected, desiring them forthwith to select another Governor.

The various Directors of the recalcitrant companies were summoned before the Lord Justices in Council on August 23, when the reasons which had occasioned their prosecution were explained. All attended, and most, convinced that it would go ill with them if they

continued to defy the law, made submission. A few, however, having consulted counsel, announced their intention to stand their trial, and assert their right to manage their affairs as they pleased. The Welch Copper Company was even more bold, and on the very day on which they attended Whitehall, opened their books and made transfers of the stock. Upon this, the South Sea Company caused the following manifesto to be issued and widely circulated :—

' Whereas their Excellencies the Lords Justices have been pleased, in the *Gazette* of Saturday last (August 20), to order writs of *scire facias* to be brought against all unlawful undertakings, among which the Company of Welch Copper Miners with three others are named, and the gentlemen of that society have thereupon ordered their books and charter to be laid before Mr. Attorney-General, a society of loyal citizens, who have at heart their utmost acknowledgments for this seasonable interposition of their Excellencies, by their commands, to suppress what struck at the root of trade in general, and had brought it, in a manner, to its last declension, hereby testify their utmost duteous thanks for the hopes they have of the restoration of commerce to a very flourishing condition. And whereas, notwithstanding the late Proclamation, Act of Parliament, and their Excellencies' order, the said Company continue to negotiate their affairs, and to admit transfers of the said stock to be made and accepted, the above-mentioned citizens desire to know of these contraveners of law and command what answer they can give to the following queries : What was the amount of their capital stock on or before Christmas last ? How much was added thereto by their late subscription, and what part of the said subscriptions were given gratis among the managers of the said undertaking ? Also, how long it was before the said subscription, that the Company acted, and what was the occasion of their ceasing to act, when they laid by for a considerable time ?'

It was soon seen, however, that the game was not worth the candle. The mere announcement in the *Gazette* that the writ of *scire facias* had been issued at once sent down the price of the stocks. York Buildings

shares fell on August 20 from 300 to 200, and two days later there were no buyers at any price for the stock of this or any of the other three companies specially named. 'The bubbles instead of a million have by underhand ways projected to increase their stocks to millions, without end, have forced the Government to go about to suppress them,' Mrs. Windham wrote to Ashe Windham, August 23, 'and if they cannot do it, the Parliament must, or millions must be undone, for how can the lutestring, and Thames water, or Insurance, employ millions? Abundance (*sic*) will be losers now; Sir Alex. Cam (*sic*) £40,000, Lord Westmorland £150,000, and lesser people in abundance. Stocks that sell at a hundred cannot divide 9*d.*, some not $\frac{1}{2}$ *d.*'¹

¹ *Ketton MSS.*, 201.

CHAPTER V

The 'Slump' in the Stock of the South Sea Company

AUGUST-SEPTEMBER, 1720

IT had been the intention of the Directors of the South Sea Company to issue early in August a Fourth Money-Subscription. This, however, had been postponed at the desire of 'some persons in eminent stations' until the proprietors of the remaining Long Annuities had been given another opportunity to exchange them for the stock of the Corporation. The ostensible reason, and that given to the Directors, for requiring the postponement was that the taking in of the public debts, in order to make them redeemable, was the main view upon which the Ministry and Parliament had thought fit to pass the Act. The pretext appeared sound, but it was by some shrewdly surmised that the cause of the interference was the wish of those in high places 'not only to free themselves from the importunity of many who sued to be set down in the list for a share in the next subscription, but also in order to reserve part of the to be increased capital stock till a new set of Directors were chosen [in the following year], who should have a share in the profits of future subscriptions, in case the humour of buying up the same at an advanced price should last so long.'¹

¹ *Parliamentary History*, VII., 661.

The Directors, however, were not hoodwinked, and though they consented to postpone the issue until after taking in the public debts, they began to make preparations for the new subscription. At a Court held on July 27 it was put on record that several persons who had been admitted as subscribers to the Third Money-Subscription had not paid the first instalment, and it was resolved, 'That none but the proprietors of the Company's capital and increased stock should be admitted into the next subscription in money, at the rate of twenty per cent., so that a proprietor of £1,000 capital stock should be entitled to subscribe £200.' The reason given publicly for passing the Resolution was to allay the discontent of the original proprietors who complained bitterly that the Directors and their associates had contrived to pocket the profits of the earlier subscriptions. The original proprietors, however, looked upon this step with suspicion, and many declared that 'the Directors having got the cream for themselves would now give the proprietors the sour milk'; nor was this suspicion removed when it became known that a great number of those who had secured allotments of the previous issues had sold out their holdings at vastly enhanced prices, and that Sir John Blunt had recently purchased considerable estates in Norfolk. The Directors, or the greater number of them, were concerned only with their own interests, and cared nothing for the proprietors; and there can be little doubt that this Resolution was made because, since it seemed highly probable that, in the unsettled state of the market, the public might not come in, the Company would, in the case of the proprietors taking up the issue, at least have as security for payment of the instalments the capital stock already held by them.

As regards subscribing to this issue at £1,000 for every £100 capital stock, the case has been admirably put by Archibald Hutcheson, who, for the purposes of his argument, used A to denote the original stock, B the First Subscription, C the Second Subscription, and D the Third and Fourth Subscriptions. 'A having a £100 stock in trade, though pretty much in debt, gives it out to be worth £300, on account of many privileges and advantages to which it is entitled,' so runs the argument, 'B, relying on A's great wisdom and integrity, sues to be admitted partner on those terms, and accordingly brings £300 into the partnership. The trade being afterwards given out or discovered to be very improving, C comes in at £500, and afterwards D at £1,100. And the capital is then completed to £2,000. If the partnership had gone no farther than A and B, then A had got, and B had lost, £200. If it had stopped at C, then A had got, and C had lost, £200, and B had been as he was before; but D also coming in, A gains £400 and B £200, and C neither gains nor loses, but D loses £600. Indeed, if A could show that the said capital was intrinsically worth £4,400, there would be no harm done to D, and B and C would have been much obliged to him. But if the capital at first was worth the £100, and increased only by the subsequent partnerships, it must then be acknowledged that B and C have been imposed on in their turns, and that unfortunate thoughtless D paid the piper.' The public, however, declined to reason, and rushed blindly into disaster. When the books were opened on August 24 for the Fourth Money-Subscription, the entire issue was taken up within three hours, and in the afternoon of the same day was quoted at a premium of £40 per cent. In spite of the more than adequate response to the Fourth Subscription, the effects of the closing

down of the 'bubbles' was making itself felt. In causing the suppression of these minor companies, the South Sea Directors had, in their own interests, blundered sadly. They had acted under the impression that the traffic in the shares of the 'bubbles,' by diverting money, obstructed the rise of the South Sea stock. As a matter of fact, exactly the opposite was the case. Small speculators who gambled in the little companies invested their profits in the stock of the greater concern. What was more fatal, however, was that a feeling of distrust was generated by the destruction of the 'bubbles,' and it recoiled upon the South Sea Company.

After the transfer-books of the Company were reopened on August 26, the price of the stock fell slowly but surely, and although great quantities of stock had been bought at 1,000, and even at higher rates, for the opening of the books, it was within a few days purchasable at 820. Indeed, the depreciation would have been greater but for the efforts of the Directors, who did everything in their power to steady the market, and not only lent money on its own securities, but, in defiance of its rules, instructed their brokers recently to purchase stock on behalf of the Company.¹ The Directors, realising that many holders of stock would have to sell part of their holding in order to pay the differences, which would certainly tend still further to lower the price, suddenly and unexpectedly resolved to shut the books. The 'Court of Directors of the South Sea Company,' so ran the announcement, 'give notice that the transfer-

¹ 'It is ordained, that the Court of Directors shall not invest any of the Company's money or effects whatsoever, in the purchasing any part of share in the Capital, or Additional Fund, or Stock of this Company, without the consent of the General Court first had.'—*Byelaw* 16.

books of the Company will be shut from the 31st day of August to the 21st of September, in order to the admitting as well the proprietors of the original capital stock and of the stock for the last Midsummer dividend, as the proprietors of the stock for all the Long Annuities, Nine-per-cents., and Tickets of Lottery 1710, and of the several redeemable debts, which have been subscribed or deposited, or authorised to be subscribed into the capital stock, and also the proprietors of the first, second, third, and fourth money-subscriptions of the Company into a subscription twenty per cent. of the capital stock, upon the terms agreed by the Court of Directors. The Company will lend the first payment for the intended subscription to all the proprietors of the original and dividend stock, and of the subscription in the Long Annuities, Nine-per-cents., and Tickets of Lottery 1710, and in the redeemable debts; and of the first and second money-subscriptions, without transferring their stock, and depositing the subscription receipts; which subscription-books will be open on September 12; and such of the proprietors as do not subscribe within that time will be excluded the benefit of the subscription.'

The financial position was the cause of much anxiety to those who were watching the interests of the nation, and the situation certainly, if not yet dangerous, was such that at any moment it might become so. 'All I can inform your Lordship of at present from hence is that there has been a hard struggle to keep the stocks up, and if they rise after the books are shut, which is after to-morrow, all will go well; otherwise I won't answer what will become of them,' Lord Bathurst¹ wrote

¹ Allen Bathurst, Baron Bathurst (1684-1775), created Earl Bathurst, 1772.

to Lord Strafford,¹ August 30. 'This is now the crisis, in my opinion. I don't find the Dutch do us any great harm, the exchange altered a little, but is now again in our favour, which is a proof as certain as can be; but there has been considerable sums sent to Portugal, and that has been more prejudicial to our stocks. Besides which some of the Directors have been playing the rogue and have endeavoured to run down the stocks after having sold their own out, in order to buy in cheap again. This has put people in a fright, and it is not so easy to bring them out again; but I expect a considerable alteration in a few days. As to the Lutestring (*sic*) which your Lordship was merry upon in your last letter, I believe our schemes are defeated. I had information from those who were in the secret and bought a good deal for the opening of the books, and if the Regency would have let them alone it would have risen prodigiously, but I think they were much in the right to knock all those "bubbles" on the head, and I lose nothing by it but the hopes of gain which nobody can part with easier than I can; for those books, I believe, will never open again, unless they can make such interest with the Government as to be sure that they shall not be prosecuted, and in that case the bargains that have been made for the opening of the books will be beneficial enough. But for my own part I think if the great "bubble" can be supported that's enough for the kingdom.'²

The annuitants who had subscribed their public securities in exchange for South Sea stock at £800 per cent., now that it had fallen below that price loudly

¹ Thomas Wentworth, third Earl of Strafford (1672-1739).

² *Wentworth Papers*, 448.

voiced their grievance, and demanded to be released from their bargain. The clerks at the South Sea House declined to return the securities that had been lodged, and the proprietors returned with a public notary, who protested in due form, and announced their intention to take the matter into the law-courts. 'In the meantime,' says the *Parliamentary History*, 'they loudly complained of the unfair manner in which they were drawn in to subscribe their annuities, for, it seems, at the top of every page of the subscription-book there was a short letter of attorney, whereby the subscribers empowered three persons, therein named, to accept such terms as the Company should think fit to give them for their effects; which they alleged to be a mere trick, not one in a hundred of the subscribers having read the ensnaring preamble.'¹

In order to silence these malcontents, and other grumblers, the Directors now took a bold step, and on August 30 announced that they had passed a Resolution, 'That the next Christmas dividend on the stock and subscriptions in money should be thirty per cent., and that a dividend of not less than fifty per cent. per annum be made from and after Christmas next, in half-yearly payments, for not less than twelve years, upon the whole stock and subscriptions.' This sounded, of course, very magnificent, but a moment's reflection showed that, as regards the Third and Fourth Subscriptions, issued at £1,000 per cent., it was really only a dividend of five per cent. The announcement, however, sufficed to send up the price of the stock from 780 to 810, but so many people took the opportunity to unload that on September 2 it had fallen to 700. To declare any dividend for twelve years in advance was not only an audacity

¹ Vol. VII., p. 666.

but an unsound financial proposition. 'Had all the remaining public debts been taken in at the price of the last subscription,' Macpherson has summed up the situation, 'and had the four sets of money subscribers duly made good all their payments, and, moreover, had the Company been able to sell all their remaining stock at £1,000 per cent., or higher, and third loans of money had all been duly repaid, upon these suppositions the Company might possibly have been able to have made so vast a dividend for at least part of the twelve years; but that would have been attended with the certain and grievous future loss in their principal as well as interest.'¹

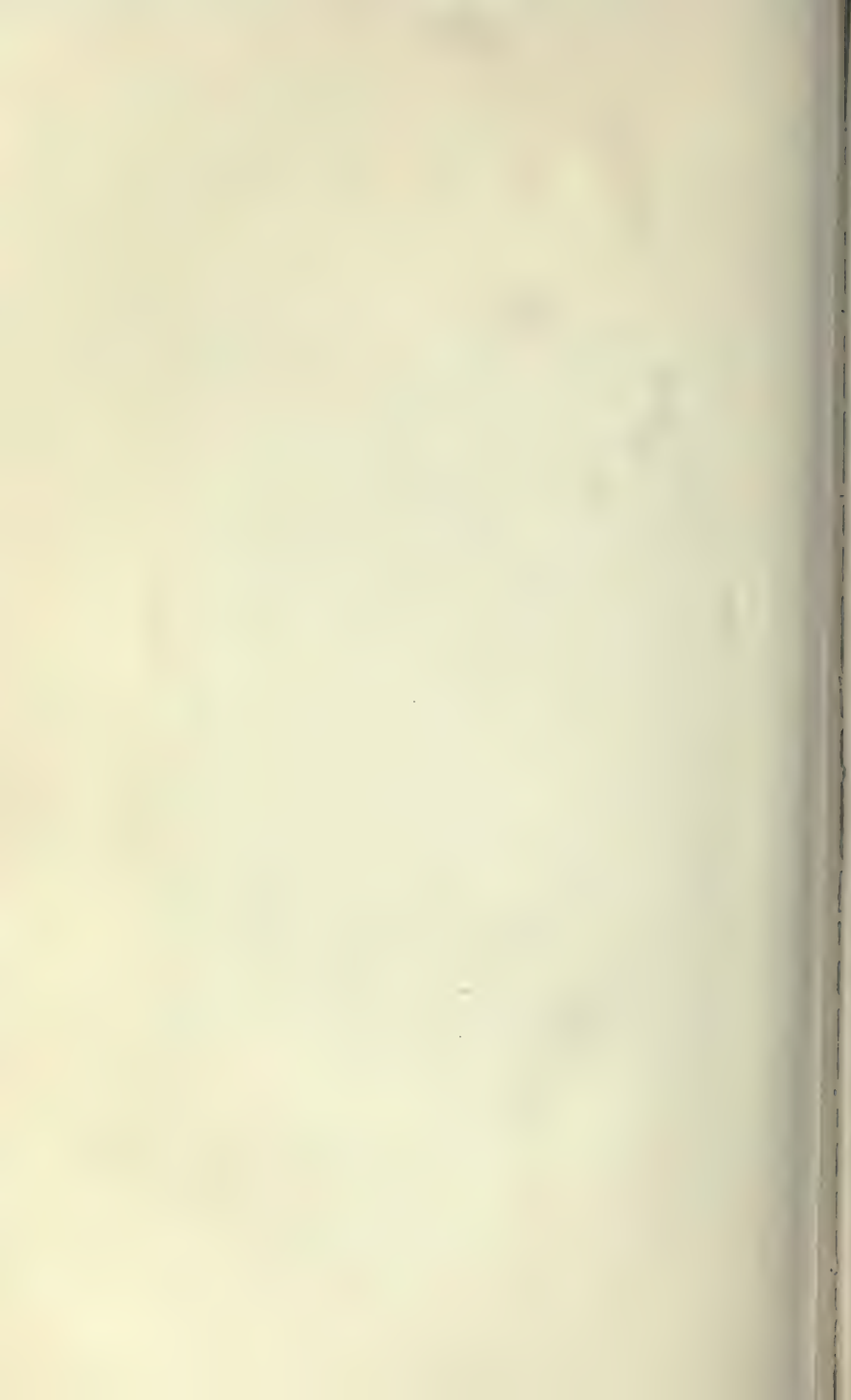
The proposed resolution had to be sanctioned by the stock-holders, and it was put to them at the half-yearly General Court, held on September 8, by Sir John Fellowes, the Sub-Governor, and accepted with enthusiasm. James Craggs the elder complimented the proprietors upon their roseate prospects, and moved that the report be accepted. The motion was seconded by John Hungerford in a most optimistic speech. 'I have seen the rise and fall, the decay and resurrection of many communities of this nature,' he said, 'but in my opinion, none have performed such wonderful things as the South Sea has brought about. The Directors have done more than the Crown, the pulpit, and the magistrate could do, for they have reconciled all parties in a common interest, and have thereby laid asleep, if not wholly extinguished, our domestic jars and animosities. By the rise of these stocks the moneyed men have vastly increased their fortunes; the country gentlemen have seen the value of their lands doubled and trebled in their hands; and we have, at the same time, done good

¹ *Annals of Commerce*, III., 101.



JAMES CRAGGS THE ELDER

From a portrait by Zincke



to the Church, not a few of the reverend clergy having got great sums by this project. In short, they have enriched the whole nation; and I hope they have not forgotten themselves.' Further support of the Directors, and support which was certainly disinterested, came from the Duke of Portland,¹ who said that he knew that there were some who were grumbling, but that, for his part, he did not know what reason any one had to be dissatisfied. Presently, at heavy cost to himself, he was to learn. The meeting which sanctioned the dividend gave, however, anything but a patient hearing to those who put the case of the annuitants, and it rejected, by a large majority, a motion, 'That the last subscribers, both of the redeemable and irredeemable funds, should have the alternative either to withdraw or accept the terms offered them by the Court of Directors.' The General Court then passed further resolutions, designed to reassure and give relief to the stockholders, and these were publicly announced on September 10: 'The Court of Directors of the South Sea Company give notice, that the dividends for Christmas next and afterwards, voted by the General Court of the said Company on the 8th inst., which shall become due on the four Money-Subscriptions already taken for sale of the stock of the said Company, will be allowed in part of the payment which shall become due on the said subscriptions; and that the ten per cent. stock for the last Midsummer dividend on the first, second, and third of the said Money-Subscriptions, will be entitled to the like dividends, and be allowed in further part of the payment on those subscriptions. And whereas the transfer-

¹ Henry Bentinck, first Duke of Portland (d. 1726), the son of William, first Earl of Portland, whom he succeeded in 1709; created Duke, 1716.

books of the said Company was advertised to be shut from and after Wednesday, the 31st of August last, to Wednesday, the 21st of September instant, in order to the making the subscription of twenty per cent. intended for the proprietors ; and the General Court having since agreed that the said subscription be omitted, the said Court of Directors give notice that the transfer-books of the said Company will be opened on Monday, the 12th instant, and will continue open as usual.'

Though the speakers at the General Court were apparently so optimistic, the distrust of the public greatly increased, while the suspicions of the honesty of the Directors became so strong that, on the day after the meeting, the stock, which had already fallen to 640, was quoted at 550. 'Yesterday,' Matthew Prior¹ wrote to Lord Harley, 'the world was in a panic fear ; the South Sea ebbed hourly by fifty and sixty down to 500 ; but the apprehension vanished as insensibly as it came on ; the stock rose again to above 600 ; the Alley rang with cheers, and things go on *sicut olim*.'² Three days later Prior wrote again to the same correspondent : 'South Sea falls, notwithstanding which the merchants are insolent and the Ministry despicable in the City.'³ Another view of the situation is given in a letter from a man more versed in business methods. 'I came (as I told you I would) to town, in order to adjust the matter of your lottery tickets, pursuant to the advertisement from the South Sea Company,' Thomas Brodrick wrote to Lord Middleton, September 13. 'Yesterday was the day appointed, but (as is customary

¹ Matthew Prior (1664-1721), the poet and diplomatist.

² *Bath MSS.*, III., 488.

³ *Ibid.*, III., 489.

with them) they have put it off, and those concerned are to wait their leisure, and take such satisfaction as they think fit to give. We have made them Kings, and deal with everybody as such; those who submit and subscribe, are at their mercy; those who do not, are to be oppressed in such manner as shall make what is due to them of little use; and all this, I suppose, they are to be supported in, having engaged the House of Commons so far in their interest, by ways obvious to everybody, that I think the nation will have to bear such part of the loss sustained by private persons, as the Company shall think fit; whilst the game obtained by fraud and villainous practices is to turn to their advantage. I foresaw this from the beginning, and have as many witnesses of it as persons I conversed with; but I own I thought they would have carried on the cheat somewhat longer. Various are the conjectures why they suffered the cloud to break so early. I made no doubt but it would do so when they found it for their advantage, which not being the case just at this time, some other reason must be found; and the true one I take to be, stretching credit so far beyond what it would bear, that specie proved deficient for supporting it, by circulating paper. It is observable that many of their most considerable men, with their fast friends, the Tories, Jacobites, and Papists (for these they have all along hugged), have drawn out, securing themselves by the losses of the deluded thoughtless numbers, whose understandings were overruled by avarice, and hopes of making mountains out of molehills. Thousands of families will be reduced to beggary. What the consequences of that must be, time will show. I know what I thought from the beginning, and fear it is very near at hand. The consternation is inexpressible, the rage beyond

expression, and the case so desperate, that I do not see any plan or scheme so much as thought of, for averting the blow, so that I can't pretend to guess at what is next to be done.'¹ Strongly as Brodrick spoke, when he designated the scheme as a cheat, he was not one whit more emphatic than the majority of those who believed that they had been tricked and knew that they had been ruined.

By this time the Directors were thoroughly alarmed, and were anxiously seeking some way of escape from the ruin which threatened the Company. No longer arrogant, they were prepared to eat any amount of humble pie, if, by so doing, they could avert, or even postpone, the evil day. They made secret overtures for amalgamation to the East India Company; but the proposal was not for a moment entertained. They then approached the Bank of England, and in this matter they had the support of Craggs the younger, the Secretary of State, who exercised such pressure as he could bring to bear, and did indeed succeed so far as to induce the Bank to consent to meet the Directors of the South Sea Company. Upon the knowledge of this becoming public on September 12, a rumour spread that the older corporation had consented to circulate £6,000,000 of the South Sea Company's bonds. This was, indeed, good news, for, if true, it showed that there was no ground for panic, and the stock rose to 670, only to fall in the afternoon to 580 when it became known that the report was groundless. The matter, however, did not rest here, for Walpole was induced to come up from the country to use his influence with the Bank to persuade it to come to the assistance of its rival.

¹ *Middleton Papers*, quoted in *Coxe's Memoirs of Sir Robert Walpole*, II., 190.

Walpole prevailed ; a definite proposal was submitted by the South Sea Company to the Bank on September 16, and three days later a conference between the Directors of the two corporations took place at the house of the Postmaster-General, James Craggs the elder. The Lord-President, James Craggs the younger, Aislabie, Walpole, and the Postmaster-General were present ; the South Sea Company was represented by Sir John Fellowes, Charles Joye, Sir Theodore Janssen, John Gore, and Robert Chester ; and the bank by Hangar, the Governor, Sir John Ward,¹ Sir Gilbert Heathcote,² Sir Peter Delmé,³ and Sir Nathaniel Gould.⁴ At this meeting, in spite of the fact that the Bank did not hide its reluctance to take any part in the business, the attitude of the South Sea Directors was at first overbearing. They demanded an immediate assurance from the Bank that it would come to their assistance : to this Heathcote made reply dryly, ' I can by no means be so hasty, for old men cannot walk so fast as the young.' They then, somewhat peremptorily, desired that the Sword-blade Company (the principal cash-keepers of the larger concern) should come into the

¹ Sir John Ward, son of Sir Thomas Ward of Tanshelf, and nephew of Sir Patience Ward, Lord Mayor of London in 1681. Sir John Ward, the ancestor of the Wards of Westerham, was Lord Mayor in 1714.

² Sir Gilbert Heathcote (1651 ?-1733), a founder of the East India Company, 1693, and of the Bank of England, 1694 ; entered Parliament, 1700 ; knighted, 1702 ; Lord Mayor, 1710-1711 ; created baronet, 1733. He is mentioned by Pope in his ' Moral Essays ' (Ep. III.) :—

' The grave Sir Gilbert holds it for a rule
That every man in want is knave or fool.'

³ Sir Peter Delmé, Alderman of Langborn Ward, knighted at St. James's, September 23, 1714.

⁴ Sir Nathaniel Gould, M.P. for New Shoreham.

treaty—'By no means,' retorted Heathcote, 'for if the South Sea Company is to be wedded to the Bank, it cannot be allowed to keep a mistress.' The conference lasted from nine o'clock in the evening until three o'clock the next morning, and in the end the Bank consented further to consider the matter. Beyond this it would not in any way pledge itself; though it raised no objection to the suggestion that Walpole should draft an agreement, which, should negotiations proceed, might serve as a basis for argument.

Walpole then drew up the following document: 'That the Bank of England shall undertake to circularise £3,000,000 of South Sea bonds for one year, at a premium to be agreed upon by the two companies; a subscription to be taken for enabling the Bank to carry on the circulation, — per cent. to be paid by every subscriber, and — per cent. upon every call at a fortnight's notice; the contract with the subscribers to be made in the nature and form with former contracts, for circulating Exchequer bills, and the charges of circulation to be borne by the South Sea Company. That, in consideration of this undertaking, the South Sea Company shall pay the £3,700,000 to be paid to the Bank, by notice of Parliament, at a price to be agreed upon by the two companies.' This was afterwards referred to as the 'Bank Contract,' and as it was not carried out, charges of bad faith were levelled at the older corporation. As a matter of fact, however, not only was it not binding on either party, but clearly it was not intended to be binding, since the price at which the stock was to be transferred was not settled.

This, however, did not prevent the South Sea Directors at a General Court on the next day, when the stock had fallen to 400, from stating that a definite

arrangement had been made. 'Since our last meeting,' said Sir John Fellowes, the Sub-Governor, 'our stock having taken an unexpected turn to the disadvantage of the Company, the Directors have been consulting what might be best for the benefit of the Corporation, and, considering the great credit the Bank of England has justly gained both at home and abroad, they have thought it for their interest to treat with that company for the circulating their bonds, and to grant them stock at a moderate price, in lieu of the £3,700,000, which the South Sea Company was to pay them at Ladyday and Michaelmas, 1721. From the result of the meeting we had last night with some gentlemen of the Bank and some persons of first rank, we do not doubt but such an agreement may soon be perfected.' The statement of the chairman was much to the liking of the shareholders, and a Mr. Dawson moved, and Sir John Eyles seconded, a resolution, 'That the Directors be empowered to agree with the Bank of England, or any other persons, to circulate the Company's bonds, or make any other agreement with the Bank which they should judge proper.' John Hungerford voiced the sentiment of some who were present when he proposed to amend the motion by making definite mention of 'any other agreement'; but William Pulteney carried the meeting with him when he expressed the opinion that, in the circumstances, it was desirable not in any way to fetter the power of the Directors. 'It is a matter of surprise to see what a panic has seized upon the minds of the people, at a time when the nation is at profound peace, and has nothing to fear either at home or abroad,' he remarked. 'A rumour has been universally spread that the armament of the Spaniards is designed either against Port Mahon or Gibraltar; but I take this report

to be altogether false and groundless, and only intended to scandalise that potentate and to terrify people here, for I myself have seen and perused a copy of a letter, written by the express command of the King of Spain by his Secretary of State to the British Minister at Madrid, absolutely denying, in the strongest terms, any design of the Spanish forces against any of his Britannic Majesty's dominions. . . . I am as much concerned in the Company as most people, but notwithstanding this general and terrible alarm I have not disposed of any part of my stock, for I should think it a scandal to be rich, if the nation were ruined. I hope, however, the case will be quite otherwise, and I doubt not but the Company will soon be restored to its former flourishing condition, since it is like to be supported by the Bank of England, a corporation which by wise, though slow and cautious, measures has established its credit, not only at home, but even among foreigners.' Some of the Directors can scarcely have relished Pulteney's statement that he had not sold any of his stock.

Although the Directors would not admit defeat, and put a bold front on the whole matter, it was clearly necessary to do something to stem the torrent of abuse that poured in upon them from all quarters, and it was with this object that Sir Matthew Decker moved, 'That power be given to the Directors to relieve the annuitants who came in upon the last Subscription.' This was seconded by the elder Craggs, who remarked, 'that nothing could be more reasonable and just than to give satisfaction to people who had trusted their fortunes and estates with the Company, and that it would be a notorious robbery to take any advantage of their confidence in the honour and integrity of the Directors.'

This brought to his feet Eustace Budgell,¹ who dwelt on the prodigious leap from a subscription at £400 to one at £1,000. He then observed that the heavy fall in the stock was owing to rumours, which he hoped might prove to be more malicious than true, that some of the Directors had basely betrayed the trust reposed in them. 'I think no gentleman need make any apology for speaking in a case where the public and his own private fortune are both at stake,' Budgell continued. 'No man can wish better than I do to this great—I wish I could say, this flourishing—company. I hope I shall very shortly be able to call it so: in the meantime, as we are all embarked in this same bottom, and must sink or swim together, I think it every man's duty to lay a hand to a rope, and help to weather the present storm as well as he can. I am glad to see the proceedings of this General Court so very different from those of the last; for you must give me leave to say that, in my own poor opinion, if there had been a design laid at that time to have sunk the stock, nothing could have done it more effectually. Your stock was then sinking; every man's expectation was raised upon your calling a General Court: a General Court did meet; but not one new step was taken in it to support the stock. I rejoice to see those two gentlemen behind the Chair [James Craggs the elder and William Pulteney], whose credit nobody can doubt, whose capacities no-

¹ Eustace Budgell (1686–1737). When Addison in 1714 became Secretary to the Lord-Lieutenant of Ireland, he appointed Budgell, who was his cousin, Under-Secretary, which post he held for about six years. He was member for Mullingar in the Irish Parliament, 1715–1727. Budgell stated that he lost £20,000 in the South Sea Company. He was a man of many grievances and the author of many pamphlets.

body can question, appear so hearty now in our common cause. I am very glad to find that, since the mountain will not come to Mahomet, Mahomet is going to the mountain; or, in other words, that since you cannot raise your stock to your subscriptions, you are prudently bringing down your subscriptions to your stock. I confess that I was always afraid that the British South Sea was growing a monster too big for all the money in Europe to support: and that such a prodigious leap as from a subscription of £400 to one of £1,000 had left such a gap in the building as would one time or other bring it to the ground; but I hope and believe that the wise and prudent measures you are now taking will make the whole plan so firm and solid, so uniform and consistent with itself, that it may for the future despise the attempts of all its enemies.'

Budgell then touched on a subject, which several of the managers of the Corporation would rather he had ignored. 'I believe,' he continued, 'there has been a great deal of art, a great deal of industry, used by ill-designing men to beat down the stock to the price it now bears; but the most artful story, the most malicious falsehood, that our enemies have given out is, that two or three of our very Directors, that some of our own body, have basely betrayed the trust reposed in them, and have been the chief causes of the present confusions. I confess that I can never believe that men, who have had the honour to be entrusted with the fortunes of so many of their fellow-subjects, could engage in so base a design. The present circumstances of things have made the place of a Director of the South Sea Company a post of as much consequence as any perhaps in the administration of public affairs; and it is very certain men in this post might, if they were wicked

enough, get a great deal of money at the expense of those who trusted them; but should any offer to raise an overgrown fortune by so scandalous a method, it is impossible to think they would be safe in the enjoyment of it. They might, indeed, buy large estates and gilt chariots, but I believe they would scarce venture to ride in them through the streets of London. I have only touched upon this to show how unlikely, how improbable, a falsehood the malice of our enemies has invented.'

This could not be allowed to pass unnoticed, and Robert Chester took up the challenge on behalf of his co-Directors. 'I know of no proceedings among the Directors,' he declared, 'but what have been intended for the good of the whole Company. For my part I have not sold any of my stock, nor reserved to myself any more of the subscriptions than was allowed to each of the Directors. My fortune would have been as large, if I had not been a Director. As to the great gap between the second and third subscription in money, which is objected to as a wrong step in the management of the Company's affairs, I can assure you that it is none of the Directors' fault, since they designed to have made the third subscription at £500 or £600; but the humour and eagerness of the people having run up the South Sea stock to £700 or £800, the Directors could not in prudence have opened a subscription at less than £1,000.' While this was satisfactory as far as it went, it was noted with dismay that none of Chester's colleagues took the opportunity to clear themselves. As for Chester, who came forward to protest against any suspicion being cast upon him, when the affairs of the Company were investigated it was proved that he was one of the worst offenders.

The long-threatened disaster now descended upon the Company. 'Most people thought it would come, but no man prepared for it; no man considered it would come like a thief in the night; exactly as it happens in the case of our birth,' Pope¹ wrote to the Bishop of Rochester,² September 23. 'Methinks God has punished the avaricious, as He often punishes sinners in their own way, in the very sin itself; the thirst of gain was their crime: that thirst continued became their punishment and ruin. As for those few who have the good fortune to remain *with half of what they imagined they had* (among whom is your humble servant), I would have them sensible of their felicity and convinced of the truth of old Hesiod's maxim, who, after half his estate was swallowed up by the *directors* of those days, resolved that half to be more than the whole.'³ Further particulars of the catastrophe are supplied in a letter, dated September 27, written by Arthur Brodrick to Lord Middleton: 'The Company have yet come to no determination, for they are in such a wood that they know not which way to turn, but it is given out (I suppose by direction) that they will lower the price of the Third and Fourth Subscriptions, and offer more reasonable terms to the redeemables, leaving to their option the acceptance, or return, of their several securities, these to remain on the foot they are till discharged by payment in money. No doubt at first they expected nothing less, but as Mr. Budgell told them in the General Court, since the mountain would not come to Mahomet, he must go to the mountain. You misunderstood me in thinking I

¹ Alexander Pope (1688-1744), the poet.

² Francis Atterbury (1662-1732), Bishop of Rochester from 1713.

³ Pope: *Works* (ed. Elwin and Courthope), V., 185.

expected a speedy dissolution. That had been considered and laid aside, notwithstanding which, as earnest application was everywhere making, as if elections were to begin within a month. This was begun by the South Sea men, and great sums have they already spent, but, if I mistake not, they will meet with more disappointments than they expected; for, by several gentlemen lately come to town, I perceive the very name of a South Sea man grows abominable in every country. Your remark is very just, that if this great Leviathan intended to have been directors of the whole national affairs as well as of the Company do fall, it will necessarily occasion such a convulsion as no honest man desires; but I think there remains a middle way between the two extremes, by supporting their credit, as far as in reason it ought to be supported, distinguishing between what ought properly to be called credit and chimerical calculations, and the one is certainly practicable without running into the other. A great many goldsmiths are already gone off, and more will daily. I question whether one-third, nay, a fourth, can stand it; the cause of which is this: those who had either originally, or by buying with money got by taking differences, run into pretty considerable quantities of stock, not being therewith content, but resolving to sit down with nothing less than hundred thousands, in order to obtain which, gave vast premiums to the goldsmiths for money, pawning their stock, some at four, others at five and six hundred, this being looked upon as good as land security: the money thus lent was in cash notes, which, whilst paper had credit, answered the end as well as specie; but as soon as a run was upon them, they found (by reason of their stocks sinking) their pledges would not produce cash to answer their

notes, and thus one after another they are every day going off. From the very beginning, I founded my judgment of the whole affair upon this unquestionable maxim, that ten millions (which is more than our running cash) would not circulate more than two hundred millions, beyond which our paper credit extended; that therefore, whenever that should become doubtful, be the cause what it would, our noble state machine must inevitably fall to the ground, or at best be brought within so much a narrower compass than what was projected, that our most sanguine people would find more appositely expressive of their vain hopes than *Parturiunt montes, nascetur ridiculus mus*. I endeavoured, with an honest and friendly intention, to persuade as many of my friends as I conversed with, to secure the main chance, and not dip (at least) out of their depth, in case they should resolve to go with the current. Some few were prevailed upon by such arguments as I thought well founded, whose hearty thanks and acknowledgments I have received; but the far greater concluding (as I must own I did) that the thing would have been carried on for some longer time have, on this supposition, run themselves aground, which they dearly repent. Into this they were generally led by assurances from the gent. whose nose bled [Lord Sunderland], and who himself was certainly duped by the honest Directors from whom he received information, while they were all the time (understand) selling out as fast as they could. That he was duped I think past doubt, from his having by his influence brought all his particular friends, and even his own family and nearest relations, so far into the mire as that few of them will, during their lives, surmount the loss; and others of them are so totally undone as to be beyond possibility of re-

trieving it. Possibly, before the end of next session, I may be called a South Sea man, for I shall not join with those whose losses have so far exasperated them, as to be desirous, out of revenge, to run into extremes which may endanger the nation.'¹

At a General Court held on September 30 everything that was possible was done to stay the panic. Sir John Fellowes stated definitely that, in pursuance of the powers given at the last meeting, they had come to an agreement with the Bank, under which the latter corporation would accept stock at £400, in lieu of £3,775,000 due to it at Ladyday and Michaelmas in the following year. He also announced that, by way of relief, great concessions would be made to the proprietors of the redeemable annuities and other funds. 'The Directors,' he said, 'have agreed to admit them at £400 per cent., allowing the Midsummer dividend, and taking in the annuities at par. They will give the long annuities thirty-two years' purchase; and the proprietors of the Nine-per-cent. and the Lottery of 1710 seventeen years' purchase. The Second Money-Subscription would be made equal to the First, and the Third and Fourth would be lowered to £400 per cent. each, allowing them the Midsummer dividend.

This was generally approved, and no one welcomed it more heartily than James Craggs the elder. 'Many causes have been assigned of the present calamity,' he remarked; 'but I doubt whether the true one is yet known. It is plain the Company has a great many enemies, and that many persons have been sent about to raise jealousies. It is certain a general distrust, a general consternation, has been spread among the people;

¹ *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 191.

but I hope that all things will now be well, and that everybody will have reason to be satisfied since the Company is joined to the Bank, which has always supported the public credit. Those who have sold out their stock at high prices ought now to come in and support it, and I doubt not but they will do so ; but be it at their peril if they do not, for it is not locking up our money that can now give security. No, every man in England is concerned, and, for my part, I would not be seen at such a time as this to have more money by me than will pay for a week's expenses.' The applause which greeted these noble sentiments may well be imagined. It was not for some months that it became known that the man who would only keep the cash for a week's expenses in hand, estimated those expenses on a generous scale, since he retained about a million and a half sterling.

The only comfort which Budgell, who spoke after Craggs, could find in the state of affairs was that the French were in the same parlous condition. Sir Gilbert Heathcote, who spoke briefly, seemed to indicate that if Providence would interest itself in the South Sea Company the storm might be weathered. A Mr. Walker inclined to the view that Heaven helps those who help themselves, and evidently thought the time had come for the proprietors to look after themselves. 'I look with the utmost concern on the calamity of my country, and I am not palliating the actions of those who have ruined us, but for bringing them to justice. A time will come to name them.' This was the first time such a thing had been said, and several men there must have shivered at the thought that this cry for retribution would find an echo in many breasts. 'By our law,' Walker continued, 'it is criminal for a man who is

robbed to compound the felony in order to have his goods restored him. It is the same thing to me whether I am plundered by a cabal of sharpers and their adherents in a committee or by a troop of horse at Newmarket. I had none of the Third Subscription, but the contracts for it have been the undoing of the nation. I am sorry to see great estates acquired by miscreants who, twelve months ago, were not fit to be valets to the gentlemen they have ruined. This, indeed, is not a court of accusation but a court of resolution, and therefore (though I do not know if it will be seconded) I move, "That a Committee be appointed to address the Parliament, to bring to justice the betrayers of their country."

The sensation created by this speech must have been enormous, nor could it have been lessened when Captain Maggot stated that it was within his knowledge that one of the Directors had sold about £50,000 of the Third Subscription at £280 per cent. premium; and when called upon by several persons to give the name, said—Ambrose Page. The silence that followed this direct accusation was broken by Budgell rising to discuss another matter; but there can be no doubt that the meeting was reflecting upon the charges brought against the managers of the corporation. Director after Director rose and spoke anent the aspersions that had been cast upon the body of which they were members. Robert Chester and William Astell said that they would welcome the appointment of such a Committee as Walker desired. Sir Harcourt Master declared himself desirous of the strictest enquiry, which he did not doubt would turn to the honour of the Directors, and he defied mankind to prove that he had made a single contract. Arthur Ingram spoke in defence of himself and his

brethren, and gave the assurance that upon the best observation he had been able to make, he had found nothing among them but a hearty zeal for the public good. After these Directors had spoken, other proprietors, including the elder Craggs and Lord Islay,¹ deprecated the promulgating of indefinite accusations at such a time and place, and the matter dropped for the moment, all realising that the great thing at the moment was to reassure, not to alarm, the public.

On the strength of the statement that the Bank would take £3,700,000 of South Sea stock at £400 per cent., the price rose from £130 to £320, but it fell again when the Bank found it impossible to proceed with the scheme. 'When the proposition,' it announced, 'was offered by the Lords, at a meeting of the Committees of both Companies, as a suitable expedient for the support of public credit, the Court of the Directors of the Bank showed their readiness to join in any measures that might tend to the service of the public. But, some difficulties appearing to the Committee of the Bank, they have advised with their council, and they are advised that, considering the nature of this transaction, it will not be safe for them to proceed upon the proposition without consent of Parliament. However, they think it reasonable that, in the meantime, the Committee of the South Sea should give the Committee of the Bank some account of their estate, for the satisfaction of their principals.' The 'difficulties' to which it alluded were

¹ Archibald Campbell (1682-1761), younger son of Archibald Campbell, first Duke of Argyle; created Earl of Islay, 1706; elected representative Peer of Scotland; Lord Register of Scotland, 1714; Lord Keeper of the Privy Seal in Scotland, 1721; succeeded his brother John as third Duke of Argyle, 1743. He was a heavy investor in the Mississippi Company, and a great admirer of John Law.

several. The fall of the stock to £175; the fact that the Company's bonds were sold at a discount of twenty-five per cent.; the consequent run on the goldsmiths, who, unable to meet their liabilities, absconded; the bankruptcy of the Sword-blade Company; and the entire dislocation of credit. 'I did not write to you by last post, my dear Lord,' Matthew Prior wrote on October 8 to Lord Harley, 'for everything was in such confusion as to the pecuniaries in 'Change Alley and South Sea, that I did not know what to say; but the confusion still remains, and I must be longer silent, I find, if I stay till I know what to write on that subject: all is floating, all falling, the Directors are curst, the top adventurers broke, four goldsmiths walked off, Walpole and Townshend sent for, that they may settle matters; *sed adhuc sine successu*: and every man with a face as long as a Godolphin's; *vogue la galère*; I must fare like the rest.'¹

¹ *Bath MSS.*, III., 490.

CHAPTER VI

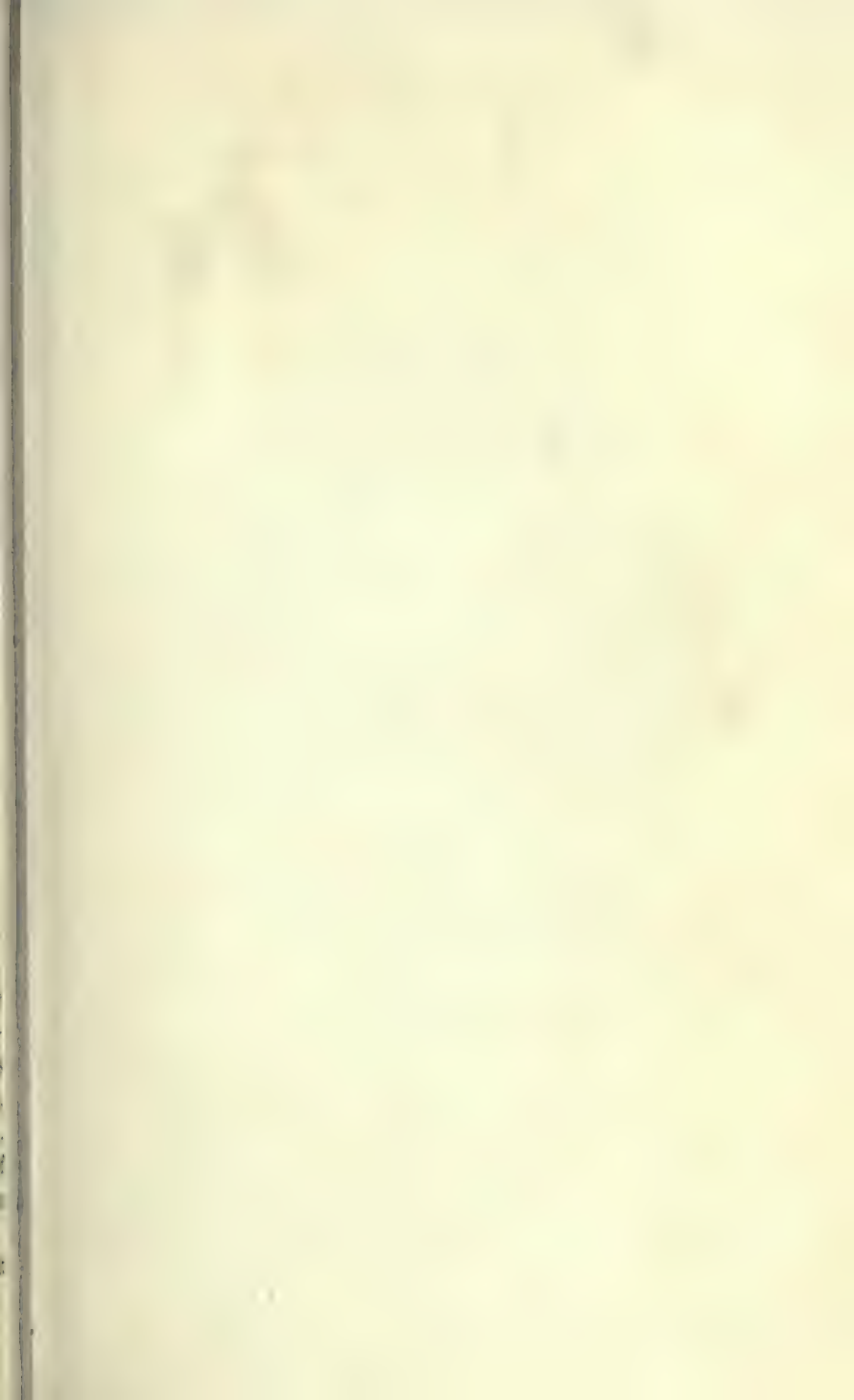
The Nation in Distress

OCTOBER–NOVEMBER, 1720

IT cannot, with any degree of accuracy, be stated that the action of the Bank brought about the catastrophe, though Directors of the South Sea Company, in the hope of saving their faces, did not hesitate to declare that this was the case; nor can it even be held to have precipitated it, because clearly the Bank's action was the result of it, and not the cause. The catastrophe, indeed, was, for the reasons given in earlier chapters, inevitable. South Sea stock, so lately quoted at £1,000, had, on September 2, fallen to £750; eleven days later it stood at £590, on October 3 it was listed at £280, and on October 11 at £240.

The outcry was terrible. It is almost impossible to-day to realise the wave of anger which then overwhelmed almost the entire upper and middle classes throughout the country. The demand for vengeance, for condign punishment of the offenders, was universal. Petitions to Parliament were prepared in every part of the country, from the City of London to a borough so inconsiderable as Chipping Wycombe.

'The miscarriage of the South Sea has sunk all credit





SIR NICHOLAS LECHMERE

at home and abroad,' ¹ Whitelocke Bulstrode ² wrote to Peter le Neve ³; and certainly the credit of individuals at home was at a very low ebb. Indeed, no man's reputation was safe, and slander was as busy with the innocent as with the guilty. The wildest rumours were afloat. 'I am assured that there are one hundred and thirty-eight members of the House of Commons who have borrowed money of the South Sea Company. These are preparing a law to exempt themselves from these debts by a composition of ten per cent.,' ⁴ Erasmus Lewis wrote to Lord Oxford. Perhaps this was in the mind of William Stratford when he wrote to Edward Harley, junior: 'If our reports hold true we shall have some sport. Our patriots are said to be upon an Herculean labour of cleansing their own house. The Augean stable was not filthier.' Dr. Stratford then condescended to personalities. 'Should truth come out,' he said, 'the Attorney ⁵ would appear to have no little share. But though he was in early, and had stock at a very low rate, yet I fancy he was cautious enough to pay for what he had. That may exempt him from the censure others may have, though not from the

¹ October 19, 1720; *Bath MSS.*, II., 181.

² Whitelocke Bulstrode, of Hounslow, Middlesex (1650-1724), a Commissioner of Excise, 1710-1715; author of 'A Discourse on Natural Philosophy,' etc.

³ Peter le Neve (1661-1729), President of the Antiquarian Society, 1687-1724.

⁴ June 20, 1721; *Portland MSS.*, V., 622.

⁵ Nicholas Lechmere (1675-1727), Solicitor-General, 1714-1718; Attorney-General, 1718; appointed for life in 1718 Chancellor of the Duchy of Lancaster. He resigned the office of Attorney-General on May 7, 1720. He was raised to the peerage in the following year. He had married Lady Elizabeth Howard (*d.* 1727), daughter of Charles Howard, third Earl of Carlisle.

guilt.’¹ Suspicion certainly casts its shadow on the Attorney-General. ‘As for Mr. Lechmere,’ Lady Irvine² wrote to her father, Lord Carlisle, February 11, 1721, ‘the town will have it his illness is political; he has very seldom attended the Secret Committee,³ and spoke very seldom in the House, but talks very high out of it. You know he is so little beloved that I believe he has many undeserved reflections cast upon him. ’Tis said Mr. Knight’s⁴ going off is very serviceable to him, since there would have been some discoveries made not much to his honour had Knight stayed.’⁵ People would not hold him innocent, though no evidence, other than hearsay, was adduced. ‘I have one secret I can let you into,’ Dr. Stratford further informed Edward Harley, junior, on June 23. ‘When South Sea stock was fallen, the Company itself took off the greatest part of the Attorney’s stock at £600; some was left in to keep up a show as though he had not sold. You see now the reason of his concern for them, and he had from the Government all the money that he put in there. It is a pity but these things were more known.’⁶

With more of reason, all the Directors, without distinction, were condemned by public opinion. ‘Monsters of pride and covetousness’ and ‘infamous betrayers of the country,’ they were styled in petitions to Parliament. It was scarcely safe for any of them to show

¹ January 31, 1721; *Portland MSS.*, VII., 288.

² Anne (b. 1696), daughter of Charles Howard, third Earl of Carlisle, married Richard Ingram, Viscount Irvine (1688–1721), Colonel of the Life Guards.

³ See *supra* pp. 204–219.

⁴ The absconding cashier of the South Sea Company.

⁵ *Carlisle MSS.*, 30.

⁶ *Portland MSS.*, VII., 299.

themselves out of doors. 'There were papers dropped about the Court,' Lady Irvine wrote to Lord Carlisle, referring to the General Court held at the South Sea House in December, 'to desire every honest gentleman not to sit near the Directors for fear of accidents, and I believe, had they proposed giving out the receipts at 1,000, there had been a great deal of mischief done, for there were several people went with pocket pistols and prepared to use them, if the proposition I mentioned before had been named.'¹ Indeed, the general feeling was such that it became the practice among ladies who, at the card-table, turned up a knave, to cry, 'There's a Director for you.' Pamphlets summarising their iniquities were widely circulated, and newspapers published articles demanding their heads on a charger. Ballads, full of vituperation, were written about them, and hot from the press came cartoons holding them up to obloquy.

Although caricatures, mostly of an emblematical character, had from time to time been published in the country, it was only at this period that they began to get common. The mania for speculation in France and Holland had resulted in a large number of satirical drawings, and these were collected in 1720, and published in a folio volume, under the title, 'Het groote Taferel der Dwaasheid' ('The Great Picture of Folly'). The early English cartoon, 'The Bubblers Bubbed, or, The Devil take the Hindmost,' which has for its subject the suppression of the unauthorised companies, is advertised on the *Post-Boy* for June 21, 1720. Another, 'The World in Masquerade,' is advertised on February 29, and claims to contain 'nigh eighty figures.' In April is announced a series of 'six fine prints, repre-

¹ December 24, 1720; *Carlisle MSS.*, 26.

senting the humours of the French, Dutch, and English bubbleers and stock-jobbers, with a variety of humours, etc.' Hogarth's first political caricature relates to the 'bubbles,' and is entitled, 'An Emblematical Print on the South Sea Scheme.' In this is shown a street at the foot of the London Fire Monument, the pedestal of which is decorated with statues of two foxes (typifying the Directors), and inscribed, 'This monument was erected in memory of the destruction of this city by the South Sea in 1720.' The various figures are marked with letters, which are explained in the following lines :—

' See here the causes why in London
 So many men are made and undone,
 That arts and honest tradings drop
 To swarm about the devil's shop. (A)
 Who cuts out (B) fortune's golden haunches,
 Trapping their souls with lots and chances,
 Sharing 'em from Blue Garters down
 To all blue aprons in the town.
 Here all religions flock together,
 Like tame and wild fowl of a feather,
 Leaving their strife religious bustle
 Kneel down to play at pitch and hustle, (C)
 Thus when the shepherds are at play
 Their flocks must surely go astray ;
 The woeful cause that in these times
 (E) Honour and (D) honesty are crimes
 That publicly are punished by
 (G) Self-interest and (F) villainy.
 So much for money's magic power :
 Guess at the rest you'll find out more.'

Another print, 'Lucifer's New Row-boat,' has the following apostrophe to the Directors :—

' Go on, vile traitors ! glory in your sins,
 And grow profusely rich by wicked means ;
 Ruin your country for your own by-ends,
 Cozen your neighbours, and delude your friends ;

Despise religion, ridicule her rules,
 And laugh at conscience, as the guide of fools ;
 Impoverish thousands by some public fraud,
 And worship interest as your only God :
 Thus may you gain, in time, a South Sea coach,
 And ride through London, loaded with reproach ;
 Become a proud Director, and at last
 Be bound to render what you got so fast ;
 Perhaps be punish'd when your all is lost,
 With gallows, pillory, or whipping-post ;
 Or, if you save your gold, be doom't to float,
 To Hell in this infernal ferry-boat,
 Built at the devil's cost, now stock is low,
 To waft Directors downwards, downwards, ho !'

A third, 'Britannia stript by a South Sea Director,'
 presents Britannia, saying, 'Will you ne'er have done
 fleecing me ?' and a Director, giving her a small purse
 in exchange for a large one, and replying, 'It is all for
 your good.' In the distance is a ship, waiting presum-
 ably to take him abroad. Below are the lines :—

' See how a crafty vile projector picks
 Britannia's purse by South Sea shams and tricks ;
 Drains her of wealth till he has made her mourn,
 And humbly cheats her with a false return ;
 Takes much, leaves little for her own support ;
 Gives her fair words, but all he says comes short ;
 Conveys her riches to a distant shore,
 And daily courts the silly dame for more.'

The disaster is brought in touch with literature by a
 print, entitled, 'An Epilogue spoke to a play called "The
 Alchemist,"' published when that play was revived at
 Drury Lane in October, 1721. The 'Epilogue' ran :—

' Old surly Ben ¹ to-night hath let us know
 That in this isle a plenteous crop did grow
 Of knaves and fools a hundred years ago :

¹ Ben Jonson.

Chemists, bawds, gamesters, and a numerous train
 Of humble rogues, content with moderate gain ;
 The Poet, had he liv'd to see this age,
 Had brought sublimer villains on the stage.
 Our knaves sin higher now than those of old,
 Kingdoms, not private men, are bought and sold.
 Witness the South Sea project, which hath shown
 How far philosophers may be outdone
 By modern — men that have found the stone.
 Well might it take its title from the main
 That rose so swift and sunk so soon again.
 Fools have been always bit by artful lies,
 But here the cautious were deceiv'd and wise ;
 And yet, in these flagitious monstrous times,
 The knaves detected triumph in their crimes,
 Wallow in wealth, have all things at command,
 And brave the vengeance of an injur'd land.
 Well! since we've learn'd experience at our cost,
 Let us preserve the remnant not yet lost,
 Though L[a]w from France be landed on the coast.
 By sober arts aspire to guiltless fame,
 And prove that virtue's not an empty name.'

Swift, too, fanned the outcry, and damned the Directors for all time in 'The South Sea Project':—

- 'Directors, thrown into the sea,
 Recover strength and vigour there ;
 But may be tamed another way,
 Suspended for a while in air.
- 'Directors! for 'tis you I warn,
 By long experience we have found
 What planet ruled when you were born ;
 We see you never can be drown'd.
- 'Beware, nor overbulky grow,
 Nor come within your cully's reach ;
 For, if the sea should sink so low
 To leave you dry upon the beach,
- 'You'll owe your ruin to your bulk :
 Your foes already waiting stand,
 To tear you like a founder'd hulk,
 While you lie helpless on the sand.

- ' Thus, when a whale has lost the tide,
The coasters crowd to seize the spoil :
The monster into parts divide,
And strip the bones, and melt the oil.
- ' Oh ! may some western tempest sweep
These locusts whom our fruits have fed,
That plague, directors, to the deep,
Drawn from the South Sea to the Red !
- ' May He, whom Nature's laws obey,
Who lifts the poor, and sinks the proud,
" Quiet the raging of the sea,
And still the madness of the crowd ! "
- ' But never shall our isle have rest,
Till those devouring swine run down,
(The devils leaving the possess)
And headlong in the waters drown.
- ' The nation then too late will find,
Computing all this cost and trouble,
Directors' promises but wind,
South Sea, at best, a mighty bubble.'

While no terms were too harsh with which to brand the Directors and their associates, no one in authority ventured even to hint that the public were at least as much to blame for their own losses. It was as much as any statesman's place was worth—it would certainly have cost him for all time his popularity—to suggest at this moment that the disaster had been brought about as much by the people's ridiculous credulity and greedy avarice as by the frauds of the promoters. If persons in high places preserved a discreet silence, some others, it must be confessed, were at no pains to hide their contempt for those who had failed in their attempts to get rich quickly, and pamphlets and squibs and songs were published in great number. Very popular—among those who were unaffected by the catastrophe—were ballads, published at this time, treating of the collapse of the Company.

A SOUTH-SEA BALLAD

OR, MERRY REMARKS UPON EXCHANGE ALLEY
BUBBLES

To a new tune called 'The Grand Elixir, or, The Philosopher's Stone.'

I.

In London stands a famous pile,
And near that pile an alley,
Where merry crowds for riches toil,
And Wisdom stoops to Folly.
Here sad and joyful, high and low,
Court Fortune for her graces ;
And as she smiles or frowns, they show
Their gestures and grimaces.

II.

Here stars and garters do appear,
Among our lords the rabble ;
To buy and sell, to see and hear,
The Jews and Gentiles squabble.
Here crafty courtiers are too wise
For those who trust to Fortune ;
They see the cheat with clearer eyes,
Who peep behind the curtain.

III.

Our greatest ladies hither come,
And ply in chariots daily ;
Oft pawn their jewels for a sum
To venture in the alley.
Young harlots, too, from Drury Lane,
Approach the 'Change in coaches,
To fool away the gold they gain
By their impure debauches.

IV.

Long heads may thrive by sober rules,
Because they think, and drink not ;
But headlongs are our thriving fools,
Who only drink, and think not.

The lucky dogs, like spaniel dogs,
 Leap into South-sea water,
 And there they fish for golden frogs,
 Not caring what comes a'ter.

V.

'Tis said that alchemists of old
 Could turn a brazen kettle
 Or leaden cistern into gold,—
 That noble, tempting metal ;
 But if it here may be allow'd
 To bring in great and small things,
 Our cunning South Sea, like a god,
 Turns nothing into all things.

VI.

What need have we of Indian wealth,
 Or commerce with our neighbours ?
 Our constitution is in health,
 And riches crown our labours.
 Our South-sea ships have golden shrouds,
 They bring us wealth, 'tis granted,
 But lodge their treasure in the clouds,
 To hide it till it's wanted.

VII.

Oh ! Britain, bless thy present state,
 Thou only happy nation ;
 So oddly rich, so madly great,
 Since bubbles came in fashion !
 Successful rakes exert their pride,
 And count their airy millions ;
 While homely drabs in coaches ride,
 Brought up to Town on pillions.

VIII.

Few men, who follow reason's rules,
 Grow fat with South-sea diet ;
 Young rattles and unthinking fools
 Are those that flourish by it.
 Old musty jades, and pushing blades,
 Who've least consideration,
 Grow rich apace ; while wiser heads
 Are struck with admiration.

IX.

A race of men, who t'other day
 Lay crush'd beneath disasters,
 Are now by stock brought into play,
 And made our lords and masters.
 But should the South-sea Babel fall,
 What numbers would be frowning !
 The losers then must ease their gall
 By hanging or by drowning.

X.

Five hundred millions, notes and bonds,
 Our stocks are worth in value ;
 But neither lie in goods nor lands,
 Or money, let me tell you.
 Yet though our foreign trade is lost,
 Of mighty wealth we vapour ;
 When all the riches that we boast
 Consists in scraps of paper !

THE SOUTH-SEA BALLAD

'Change Alley's so thin that a man may now walk,
 And if he'll but listen may hear himself talk,
 For since the suppression of Bubbles in June
 Those clamorous catches are quite out of tune.
 No more of the Hubbles and Bubbles we see,
 But all the whole nation attends the South-Sea.

The Salts and the Fisheries likewise are gone,
 All the Stock of the Bubbles is swallow'd in one,
 Which (barring the ruin of all other trade)
 Is the cleverest project that ever was made :
 For now the contrivers are tipt with a fee,
 If they souse the subscribers into the South-Sea.

What numbers have got that insatiable itch
 And endless ambition of still growing rich :
 The man that was formerly not worth a plumb,
 Till he makes it a million keeps gnawing his thumb ;
 For that is the least, as the wise men agree,
 Can content an adventurer in the South-Sea.

All the Town is so eager their fortune to try,
That nobody can the temptation deny ;
So craftily laid is the scheme of the gin
That some of the parsons themselves are drawn in :
Which of these would accept an Archbishop to be,
To refuse a Directorship in the South-Sea.

What number of upstarted figures we meet
Set up by stock-jobbing in every street ;
They're so fond of their arms, when they come t'approach,
They can hardly for staring get into their coach ;
But when we examine their true pedigree,
We trace their original from the South-Sea.

Their gold-sanded ocean is not like the rest,
But is quite of a different nature possest ;
It has such as no other sea yet ever had,
Instead of preventing, 'twill make people mad :
Distracting their reason to such a degree
That headlong they throw themselves in the South-Sea.

'Tis a comical sight to behold the deceit
Of all ranks of men met each other to cheat,
To see my Lord Duke make a rout and ado
In a coffee-house crowd with a politic Jew,
The most orthodox nowadays reckon'd is he
Whose stock is all capital in the South-Sea.

This mystery some would pretend to explain,
While those that get money but laugh at their pain ;
The wisest of all, with their racket and rout,
Find it just like a tub with the bottom knock'd out ;
The cream of the jest is with those that make free,
With the general scramble amidst the South-Sea.

Like Pharaoh's lean kine that devour'd the fat,
It has knock'd down the puny contrivances flat ;
But if I mistake not I've read that his host
And himself in the Red Sea were utterly lost :
He thought to get riches, and why should not we
Remember the Red, when we cross the South, Sea ?

The writers of the ballads certainly did not evince any sympathy for the sufferers, and, indeed, they were not alone in their attitude, for even at the time there were

many who asked, Why, if the Directors were to be punished for their lust of gain, should the speculators, who had been moved by the same spirit, go free? There were others, too, who, not suffering fools gladly, had little patience with those who had been deceived: the fraud was so glaringly obvious.

‘Ye wise philosophers, explain
 What magic makes our money rise,
 When dropt into the Southern main;
 Or do these jugglers cheat our eyes?’

‘Put in your money fairly told;
Presto! be gone—’Tis here again:
 Ladies and gentlemen, behold,
 Here’s every piece as big as ten.

‘Thus in a basin drop a shilling,
 Then fill the vessel to the brim,
 You shall observe, as you are filling,
 The pond’rous metal seems to swim:

‘It rises both in bulk and height,
 Behold it swelling like a sop;
 The liquid medium cheats your sight:
 Behold it mounted to the top!’

Thus Swift in his ‘South Sea Project,’ in which further he pours scorn on those who plunge into the unfamiliar waters of finance, and compete for prizes against experts.

‘One fool may from another win,
 And then get off with money stored;
 But, if a sharper once comes in,
 He throws it all, and sweeps the board.

‘As fishes on each other prey,
 The great ones swallowing up the small,
 So fares it in the Southern Sea;
 The whale directors eat up all.

' When stock is high, they come between,
Making by second-hand their offers ;
Then cunningly retire unseen,
With each a million in his coffers.

' Each poor subscriber to the sea
Sinks down at once, and there he lies ;
Directors fall as well as they,
Their fall is but a trick to rise.'

A certain number of simple, innocent folk there were no doubt who had been lured into the spiders' den ; and these were sincerely and heartily to be pitied ; but it was just these folk whose voices only in rare cases penetrated beyond the family circle. It was the ruined gamblers who rent the air with their cries, the men who had bought as cheaply as they could with every intention of selling so soon as the stock had risen sufficiently to give them a profit that would satisfy their greed ; the men who plunged beyond their means, and, standing to win, could not pay if they lost. The only mistake these folk had made was that they had allowed their craving to get rich quickly to overcome their prudence. Walpole speculated on a vast scale, and, selling out at the top of the boom, made a great fortune with which he rebuilt Houghton and laid the foundation of his famous collection of pictures. Acting under his guidance, the Prince of Wales bought £20,000 stock and his consort half the amount, at £150 per cent., and realised their holdings at a high price ; and many persons about the Court followed their lead. Mrs. Howard¹ bought ; and

¹ Henrietta Howard (1688-1767), the wife of the Hon. Charles Howard, afterwards ninth Earl of Suffolk ; a Woman of the Bedchamber to Caroline both when Princess of Wales and Queen.

so did Colonel Campbell,¹ the husband of the beautiful Mary Bellenden; and Sir David Hamilton,² the royal physician, who held his stock too long, and lost £80,000. Lechmere, as has been said, made much money; Sir Robert Sutton £100,000; and Sir Matthew Decker, a Director of the Company in its early days, several times that amount. 'Decker has not for four months past had anything to do in Exchange Alley upon his own account,' Dr. William Stratford wrote on November 9 to Edward Harley, junior. 'He had sold out betimes, and had nothing left in any of the stocks but what was pure gains. At the time the report went of him [that he was ruined] he had written to the great banker in Amsterdam, Pels, who, as Decker thought might be pressed, to give him leave, if he had occasion to draw at sight £100,000 on him.'³

Humble folk, too, had made fortunes. Indeed, a new aristocracy had arisen—an aristocracy of humble origin, but possessed of vast wealth; and the *nouveaux riches* began to jostle the aristocracy of birth, whose supremacy had hitherto been unchallenged. 'We are informed,' one newspaper stated on July 9, 'that since the late hurly-burly of stock-jobbing, there has appeared in London two hundred new coaches and chariots, besides as many more now on the stocks in the coachmakers' yards; above four thousand embroidered coats; about three thousand gold watches at the sides of their —'

¹ Colonel John Campbell (d. 1770), succeeded as (fourth) Duke of Argyle in 1761. He married Mary Bellenden (d. 1736), youngest daughter of John, second Lord Bellenden, who until her marriage was a Maid of Honour to the Princess of Wales.

² Sir David Hamilton (1663–1721), a leading practitioner in midwifery, and successively physician to Queen Anne, who knighted him, and to the Princess of Wales.

³ *Portland MSS.*, VII., 282.

and their wives : some few private acts of charity ; and about two thousand broken tradesmen.’¹ ‘ Our South Sea equipages increase every day,’ so runs a paragraph in Applebee’s *Journal* on August 5, ‘ the City ladies buy South Sea jewels, hire South Sea maids, take new country South Sea houses ; the gentlemen set up South Sea coaches, and buy South Sea estates, that they neither examine the situation, the nature or quality of the soil, or price of the purchase, only the annual rent and the title : for the rest they talk all by the lump, and give forty to fifty years’ purchase. This has brought so many estates to market, that the number of land-jobbers begin to increase to a great degree almost equal to the stock-jobbers we had before.’

These new men purchased the estates of the ruined gamblers, and presently began to exercise power as local magnates, and presently enlarged their sway in a manner that had far-reaching effects. ‘ They say there is a great deal of money spent in the elections by a new sort of people that never appeared before,’ Dr. William Stratford wrote to Edward Harley, junior, March 22, 1722. ‘ They spend out of their own pockets, and not upon the Court expenses. They are generally, it is said, the new gentry, that have been raised by the late “ bubbles.” No doubt such a set of men will be as mercenary as any other, but they will not serve without pay, and the ministers may be obliged to discard some of their old dependents, to make way for these new-comers.’² Others, though not so fortunate, at least had not suffered heavy losses. ‘ I assure you that I have done nothing for these last two months but South Sea stock, and yet I am not myself any great sufferer by it ; but

¹ Quoted in Wright’s *Caricature History of the Georges*, 46.

² *Portland MSS.*, VII., 314.

so many of my acquaintances are ruined and undone, that I am under as much anxiety and uneasiness of mind as if I was so myself,' William Pulteney¹ wrote to his cousin Daniel Pulteney,² November 20, 1720. 'It is ridiculous to tell you what a sum I might once have been master of; but since I have not had discretion enough to secure that, it is still some comfort to have put my affairs into such a way, that let what will happen, I can be no loser by it.'³ Like William Pulteney, James Windham might have had a fortune. 'I grow rich so fast that I like stock-jobbing above all things,' he wrote to his brother Ashe, in May, 1720. 'Since the South Sea have declared what they give to the annuitants, stock has risen vastly. South Sea has this day been £460; they offer £50 per cent. for the refusal at £450 for the opening. I think it will be £500 before the shutting, I mean the stock.'⁴ He talked of buying an estate for £20,000, and might well have done this, and had an ample income with which to keep it up, but for the fact that instead of realising he, flushed with success, extended his operations, and was brought down in the 'slump.' 'Poor Jimmy's affairs are most irretrievable,'⁵ William Windham, another brother, wrote presently to Ashe Windham. Applicable to those in the same plight as James Windham are some verses written by Swift:—

¹ William Pulteney (1684–1764), M.P. for Heydon; Secretary-at-War, 1714; created Earl of Bath, 1742.

² Daniel Pulteney (d. 1731), entered Parliament 1721, in which year he became a Lord of the Admiralty under Walpole.

³ *Pulteney Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 194.

⁴ *Ketton MSS.*, 200.

⁵ November 26, 1720; *Ibid.*, 201.

- ‘ In stock three hundred thousand pounds,
I have in view a lord’s estate ;
My manors all contiguous round !
A coach-and-six, and serv’d in plate !
- ‘ Thus the deluded bankrupt raves,
Puts all upon a desperate bet ;
Then plunges in the Southern waves,
Dipt over head and ears—in debt.
- ‘ So, by a calendure misled,
The mariner with rapture sees,
On the smooth ocean’s azure bed,
Enamell’d fields and verdant trees :
- ‘ With eager haste he longs to rove
In that fantastic scene, and thinks
It must be some enchanted grove ;
And in he leaps, and down he sinks.
- ‘ Five hundred chariots just bespoke,
Are sunk in these devouring waves,
The horses drown’d, the harness broke,
And here the owners find their graves.
- ‘ Like Pharaoh, by directors led,
They with their spoils went safe before ;
His chariots, tumbling out the dead,
Lay shatter’d on the Red Sea shore.
- ‘ Raised up on Hope’s aspiring plumes,
The young adventurer o’er the deep
An eagle’s flight and state assumes,
And scorns the middle way to keep.
- ‘ On paper wings he takes his flight,
With wax the father bound them fast ;
The wax is melted by the height,
And down the towering boy is cast.
- ‘ A moralist might here explain
The rashness of the Cretan youth ;
Describe his fall into the main,
And from a fable form a truth.

‘ His wings are his paternal rent,
 He melts the wax at every flame ;
 His credit sunk, his money spent,
 In Southern Seas he leaves his name.’¹

Most of those who had not sold out when the ‘ slump ’ came were indeed undone. Retrenchment was the order of the day in innumerable households. ‘ Day and night, summer and winter, are not more different than the state of affairs here from the time of my leaving town to this,’ Edward Harley wrote to Lord Oxford. ‘ Then nothing but a boundless insolence in their supposed wealth ; now nothing appears but dejection.’² The fashionable resorts were deserted. ‘ We hope that you will come to Bath this season very soon,’ Jane Pitt³ wrote to the Hon. Mrs. Pitt,⁴ October 2, 1720, ‘ for upon the fall of the South Sea the place empties so fast that you may have your choice of lodgings at the winter price.’⁵ The effect on the metropolis was, of course, much greater. ‘ So many undone people,’ Lord Berkeley of Stratton wrote on November 12 to Lord Strafford, who had suffered severely, ‘ will make London a very melancholy place this winter.’⁶ ‘ Many of the first rank are wounded in their estates beyond retrieve,’ Edward Harley wrote to Lord Oxford. ‘ Lord Har-

¹ *The South Sea Project.*

² *Portland MSS.*, V., 65.

³ Jane (d. 1727), daughter of James Innes, of Reid Hall, Moray, married *circa* 1678 Thomas (‘ Diamond ’) Pitt, Governor of Madras.

⁴ Harriet Villiers, younger daughter of the Hon. Edward Villiers of Dromana, co. Waterford, a sister of John, fourth Viscount and first Earl of Grandison, married Robert Pitt, eldest son of ‘ Diamond ’ Pitt. Their second child, William, was the first Lord Chatham.

⁵ *Fortescue MSS.*, I., 65.

⁶ *Wentworth Papers*, 450.

court ¹ has sold out none. This is the condition of very many in both Houses, where every one is grasping at anything that is thought a salve for his own sore.' ² Of this there is an abundance of evidence. 'There are very many and considerable families reduced by extravagant bargains,' Drummond wrote to Daniel Pulteney. 'Indeed, even the South Sea Directors included, hardly one in twenty are gainers. Sir Justus Beck's ³ debt is £340,000, and he cannot pay half-a-crown in the pound; most of those who are undone are in like state.' ⁴ William Windham had the same tale to tell his brother Ashe: 'There never was such distraction and undoing in any country. You can't suppose the number of families undone. One may almost say everybody is ruined who had traded beyond their stock. Many a £100,000 man not worth a groat.' ⁵ So general, indeed, had been the indulgence in speculation, that Drummond mentions, as an interesting fact, 'neither Lord Stanhope, Argyle, or Roxburgh ⁶ had been in the stocks.' The Duke of Wharton had speculated largely, and lost, it is said, £120,000—a fact which may well have spurred him to the eloquence he presently displayed in debates in the House of Lords on the South Sea Company; and the Duke of Bolton ⁷ was a heavy sufferer. Another Duke,

¹ Simon Harcourt, first Baron Harcourt (1661?–1727), Lord Chancellor, 1713–1714; created Viscount, 1721.

² January 11, 1721; *Portland MSS.*, V., 612.

³ Sir Justus Beck, bart. (d. 1722), a London merchant of foreign extraction. He was created baronet, November 1, 1714, and was the first person so honoured by George I.

⁴ November 24, 1720; *Pulteney Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 196.

⁵ *Ketton MSS.*, 201.

⁶ John Ker, fifth Earl, and first Duke of Roxburgh (d. 1741).

⁷ Charles Paulet, second Duke of Bolton (1661–1722), Lord-Lieutenant of Ireland, 1717–1722.

his Grace of Portland, who had thought to relieve his embarrassed condition by successful speculation, nearly completed his ruin. He was, indeed, so hard hit that he was reduced to soliciting the post of Captain-General of Jamaica. The idea of a Duke being in such straits was so repellent to some in high places, that the idea was mooted of a pension which would enable him to remain in England and nurse his estates: the Duke, to his credit, would have none of it and went in 1721 to Jamaica, where he died five years later. Lord Londonderry¹ was a very heavy loser; and so was Lord Chetwynd; as well as Lord Lonsdale,² who applied for the government of the Leeward Islands, and Lord Irvine, who asked to be sent to Barbados. 'I believed it was rightly judged in my Lord,' Lady Irvine wrote to Lord Carlisle, 'to put in as soon as he has done for this government, since I believe there will be every day more and more people of quality reduced to the necessity of leaving England.'³

Of the effects of the disaster on persons in high places

¹ Thomas Pitt (1688?-1729), the son of 'Diamond' Pitt. He married in 1719 Lady Frances Ridgway, the younger daughter of Robert, fourth and last Earl of Londonderry, and in that year was created Baron Londonderry. In 1726 he was created Earl of Londonderry. He sat in the English House of Commons, 1713-1727, when he vacated his seat on being appointed Governor of the Leeward Islands. He died two years later at St. Kitts.

² Henry Lowther, third Viscount Lonsdale (d. 1751), was appointed Governor of the Leeward Islands in March, 1721. He was Lord Privy Seal, 1733-1735.

³ November 17, 1720; *Carlisle MSS.*, 25. Irvine was given the post, but he died in the next year before going to Barbados. The appointment seems at this time to have brought misfortune in its train, for Lord Belhaven was given the succession in April, 1721, and he perished by shipwreck off the Lizard on his outward passage.

particulars were sometimes forthcoming, but of the troubles that fell upon the heads of lesser folk little was heard. 'As to the misery which I think will attend this affair we do not see the hundredth part,' William Windham wrote to his brother Ashe. 'Almost all one knows or sees are upon the very brink of destruction, and those who were reckoned to have done well yesterday are found stark nought to-day. These devils of Directors have ruined more men's fortunes in this world, than I hope old Beelzebub will do souls for in the next.'¹ When an eminent physician² learnt that he had lost five thousand guineas, he said airily, 'Why, 'tis but going up five thousand flights of stairs more'; but few could afford to be so philosophical. Many tragedies were caused, and some sad stories have here and there come to light. 'One Franks of Merton, a clergyman whom possibly you may remember who had Wood Eaton and the fine cure of Gamblingay near you from that College, is thrown into the Castle here for debts by his adventures in the South Sea,' Dr. Stratford informed Edward Harley, junior, June 29, 1721; 'and Painter, the late Rector of Exeter's daughter, has lost £1,200 which her father left her, and is gone to service into Duke of Chandos' family. I am afraid we shall every day hear more of these instances.'³ The sufferings of thousands of poor homes are buried in oblivion.

The nation was in a state so unsettled and ill-satisfied that Atterbury was perhaps not unjustified in thinking that the moment had come when the restora-

¹ *Ketton MSS.*, 207.

² This story is told of Dr. John Radcliffe (Tom Brown: *Works*, ed. 1709, IV., 7), but the better known physician of that name died in 1714, and the other only took his degree of M.D. in 1721, so it is unlikely that it was either.

³ *Portland MSS.*, VII., 300.

tion of the Stuart dynasty would not be vigorously opposed. Earlier in the year, when the boom was at its height, he had been despondent, and writing on May 6, 1720, to General Dillon,¹ he had thought that then or never should the attempt be made. 'The sum of my letter to the King,' he said, 'is to assure our friends abroad that the reconciliation² which makes so great a noise, is, whatever may be apprehended of it, imperfect and insincere at the bottom, and calculated only to serve views at the present juncture which could not have been so well attained without it. But in truth and at the bottom, the parties, as well the principal as those who serve under them, are still as much separated in interest and inclination as ever. This is the certain state of the case at present, and such as it will continue for some time, notwithstanding whatever appearances there may be to the contrary; and could the opportunity be made use of from abroad, this is the moment when an attempt to disturb us would be most likely to succeed and throw us into the utmost confusion. But on the other side, if this opportunity be not laid hold of by France and Spain, matters will alter here in some time for the worse. The seeming reconciliation will by next winter grow real, and the common necessity of affairs will drive the new allies here into measures that may be for their mutual interest, and into a closer and sincerer conjunction, and the grand money schemes here projected of late will settle and fix themselves in such a manner that it will not be easy to shake them.

¹ Arthur Dillon (1670-1733), general in the French service; the Pretender's agent at Paris.

² In April Walpole had accepted the office of Paymaster of the Forces, and Paul Methuen that of Comptroller of the Household, while Lord Townshend became President of the Council in Lord Sunderland's Administration.

It so happens at this particular point of time that there is no bank or set of men in the whole kingdom (those only excepted that engross the power and taste the vast profits lately made) who are not to the highest degree uneasy, and would be found to be so in a very remarkable manner should anything happen from abroad that might make it advisable to exert their resentments. This is the very truth of the matter, and methinks if it were well understood might induce those who only can make effectual advantage of the juncture, and whose interest it is to do, not to neglect it.'¹

Atterbury's advice was ignored, wisely, in all probability, for though many might be 'uneasy,' this could not legitimately be interpreted into a desire to send King George back to Hanover in order to instal King James on the throne of England. People here had given proof in '15 that however much they might dislike the Guelph, they would not have the Stuart. When, however, the 'grand money schemes' did not 'settle and fix' themselves, but brought the nation to disaster, the intriguing Bishop thought that again a favourable opportunity had arisen. 'Atterbury,' wrote Arthur Onslow in his 'Anecdotes,' 'had been long projecting this revolution; but went now upon the foundation of the discontents in this country arising from the South Sea transactions, which were still fresh in the minds and hearts of the people, especially the sufferers, many of whom imputed their losses to the Government, as designing by a fraud to deprive them of their property, and propagated this notion with too much success among the people in general.'² It is a matter of common knowledge that the Jacobites, still depressed by the

¹ Stanhope : *History of England*, II., appendix p. xiv.

² *Hist. MSS. Com. Report XVI.*, App. Pt. IX., 462.

ill-success of their attempt seven years earlier, did not take advantage of the dissatisfaction that was widespread throughout the land. The feeling of the Pretender about this time is made known in an interesting letter, written to his father, on May 6, 1721, by an anonymous English traveller at Rome. 'The Pretender,' he said, 'bemoaned the misfortune of England groaning under a load of trouble and the severest hardships, contracts and imposts to support foreign interests. He lamented the ill-treatment and disregard of the ancient nobility, and said it gave him great trouble to see the interest of the nation abandoned to the direction of a new set of people who must at any rate enrich themselves by the spoil of their country. "Some may imagine," he continued, "that these calamities are not displeasing to me because they may in some measure turn to my advantage. I renounce all such unworthy thoughts. The love of my country is the first principle of my worldly wishes, and my heart bleeds to see so brave and honest a people distressed and misled by a few wicked men and plunged into miseries almost irretrievable." Thereupon he rose briskly from his chair and expressed his concern with fire in his eyes.'¹

Whether the danger of rebellion was real or imaginary, there is no doubt that the Government deemed it expedient in the highest degree that the King should be on the spot, and messengers were sent with dispatches begging him and Lord Sunderland, who had accompanied him abroad, to return with all speed. So alarming was the news that reached the Court that the Hanoverian minister, Bernstorff, thought it unwise for George to go to England, and actually suggested that he should resign the British crown. Whatever the faults of

¹ *Clarendon Historical Society's Publications*, No. 12.

George, cowardice was not among them, and he at once began his preparations for the journey. 'I had yesterday the honour of your Lordship's letter, for which I return you my very sincere thanks, being truly sensible of your goodness and friendship to me, of which I take this to be a very particular mark,' Lord Sunderland wrote to Lord Carlisle from The Göhr, October 19. 'Upon the first news we had of the unhappy turn the stocks and public credit began to take, we got the King to fix the meeting of the Parliament to the 25th of November. Since that, within these three or four days, we have had the news of the credit's being lower and lower, and of things being every day in a worse condition, the King has taken the resolution of going over, so as to hold the Parliament on the 8th of November, which is as soon as it is possible for him to be there, and orders are sent for the necessary notice. I myself should have set out as soon as we had the news of this melancholy state of things, which was but three or four days ago, but that I thought the first necessary step was to fix the King's going as soon as possible, and now that is done, I shall set out from this place tomorrow, so that I hope in a very few days to have the honour of kissing your hands in England; till when I will defer troubling your Lordship with a great many things, which I will beg leave to talk out with you when I see you there. All I will say now is, that I know very well that when misfortunes happen in most countries, and particularly in England, it's the way to lay it at the door of those who have a share in the Administration; that, therefore, ever since I meddled in public business, I never thought of anything but of doing the best I could for the public, with honest intentions, and with as much prudence as my poor understanding is

capable of, and for the consequences afterwards, one must sit easy under them. That never was more the case than in this affair of the South Sea, which had almost the unanimous approbation and applause of all parties in the nation, in Parliament and out of it, and which of a sudden, in the compass of a very few, not months, not weeks, but days, has taken so strange and so surprising a turn. As for my having been absent, I am also very sensible, and hear it from many quarters, that that is complained of, but it does not give me much uneasiness, because I am confident nobody in England does imagine I ever came into these parts of the world for my pleasure, but that all our friends thought it might be of use to the public services, and particularly in contributing to the King's early return and an early session, which is brought about, and, I will venture to say, would not have been so without me.' ¹

The public, which was disgusted with the Ministry, looked to some one to extricate it from the trouble that had fallen upon it, and their eyes turned to Robert Walpole, who, although a member of the Government, had taken no part in the administration outside the duties of his office of Paymaster of the Forces, and had consistently and resolutely opposed the passage of the South Sea Bill through the House of Commons. 'Everybody longs for you in town, having no hopes from any but yourself; though I must own I don't see what effectual help can be given to them till some time has worn off people's fears and distrusts of one another,' Robert Jacombe, the Under-Secretary-at-War, wrote to Walpole on October 13. Walpole, however, was in no hurry to leave his country seat, and on November 1 Jacombe wrote to him again: 'They all cry out for you

¹ *Carlisle MSS.*, 24.

to help them, so that when you come, you will have more difficulties upon you than ever you had. For though you are perfectly clear of this sad scheme, yet you will be prodigiously importuned by all the sufferers to do more than any man can do ; and more than you, in your judgment, would think ought to be done, if it could be done.' ¹

All sorts of rumours were current as to Walpole's intentions, and there was some fear expressed that he would seize the opportunity for his tit-for-tat with Lord Sunderland, who had driven him from office in 1716. 'It has been reported that Mr. Walpole, who has the greatest influence of any one over the Directors of the Bank, has all this while prevented their complying with the bargain they made with the South Sea Company, and that he has it now in his power to ruin the South Sea scheme, and the authors of it, at once in revenge for the trick they formerly served him,' William Pulteney wrote to Daniel Pulteney, November 20. 'To tell the truth, I do not think there is any very cordial affection between the Ministers and him ; but it is so much the interest of both of them to relieve mankind from this general calamity, that I am persuaded they must co-operate in all measures for doing of it, and upon their meeting yesterday, when Mr. Walpole proposed some things for the South Sea, which was agreed to by the Ministers, the stock got up to £200. I am so sensible of what you say that foreigners have still a very great sum of money in our stocks, that I protest to you I would rather never see it rise higher than it is, than have it raised for a little while, only by artifices and seeming advantages. This would give those foreigners an opportunity of withdrawing their money ; whereas, if it be

¹ Coxe : *Memoirs of Sir Robert Walpole*, II., 193.

raised by solid advantages, and such as will fix it at a moderate price, people will be desirous of continuing their money where it is, with more security and better interest, than it can possibly be anywhere else. . . . The ways we must make use of must be such as are gentle and will by degrees raise credit, and give a circulation to money again. This is what must recover our stock, and particular people must retrieve their circumstances by frugality and a just economy.’¹

Many conjectures were made as to the effect that the return of the King would have. ‘A great many flatter themselves with the King’s coming, though his going did not sink the stocks, and the meeting of Parliament, but I wish it is not past their power to cure the fright that has seized everybody,’² Lord Berkeley of Stratton³ wrote to the Earl of Stafford on November 1; and, addressing the same correspondent eleven days later, he said: ‘What influence the King’s coming will have we shall soon see. He came to town last night, as I hope you will soon do, to attend the Parliament, our last refuge.’⁴ Lord Berkeley might well be pessimistic, for he had suffered in the Mississippi scheme as well as in the South Sea Company. ‘I have so long given over my money in France that the trouble of it was almost worn out when my subscribed annuities fell to almost nothing,’⁵ he stated, philosophically. Others, however, fondly cherished the belief that the arrival of the King

¹ *Pulteney Papers*, quoted in Coxe’s *Memoirs of Sir Robert Walpole*, II., 194.

² *Wentworth Papers*, 449.

³ William Berkeley, fourth Baron Berkeley of Stratton (d. 1741), Chancellor of the Duchy of Lancaster, 1710–1714; First Lord of Trade and Plantations, 1714.

⁴ *Wentworth Papers*, 450.

⁵ *Ibid.*, 449.

would do much to avert the financial panic. 'The King's coming,' William Pulteney wrote to Daniel Pulteney, November 20, 'which everybody thought would have in some measure reserved the stock, had, from abundance of simple stories that have been artfully dispersed, rather depressed it, and within this week the stock has been sold at £120.'¹

It was known that Walpole was engaged upon a plan for the relief of the financial position, and the whole country was, of course, agog with curiosity, but all that was known outside official circles was that the Government was endeavouring to secure the co-operation of the Bank and the East India Company. 'The Court,' Drummond wrote to Daniel Pulteney, November 24, 'is taken up in conferring sometimes with the South Sea Directors and the Bank; the latter, having a conductor, were pretty stubborn, and had a scheme of their own, which they insisted on; but Lord Sunderland said to his friends, that though they had differed in their way of thinking in the private conference with him at his own house, yet he parted very good friends with them. And common report says, that a new bank would have been proposed, if the old had not been reasonable. . . . This happy union [of Sunderland and Walpole] brought up the stock again from £140 to £200 and £210, and it will in all appearance remain about £200 till something of the scheme be known, which cannot be ready so soon as the Parliament was to sit, and therefore it was reported that they were to be prorogued for ten days. There are premiums given at £250 and £300; but I find that few are so sanguine to think that it will be

¹ *Pulteney Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 194.

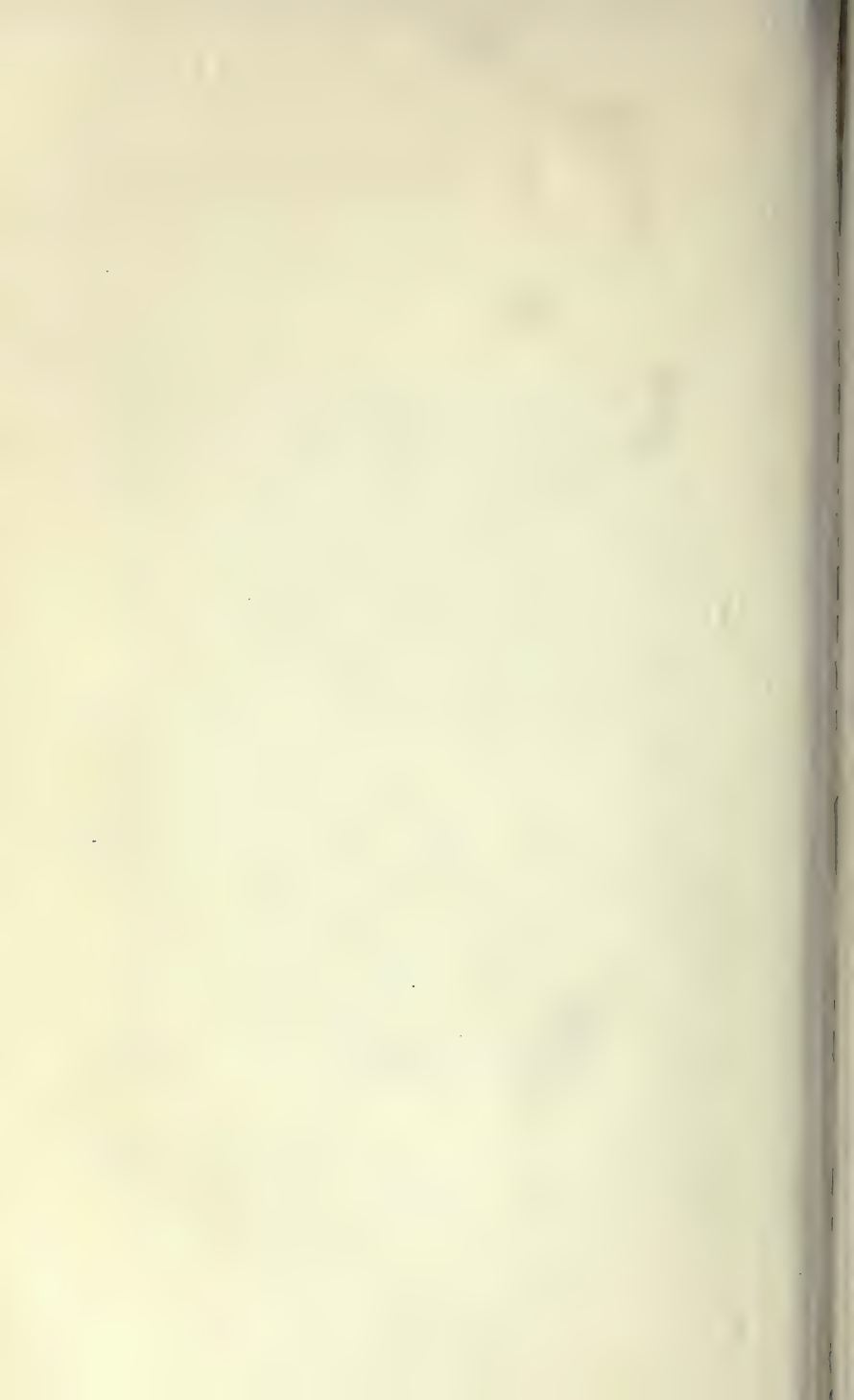
raised above £300, and I wish it may not go much higher, though if it could be brought to £400, it would save a great many who are deeply engaged; but if brought to £400, and not supported there, a new fall would do very much more harm. Common report says, that the Court designs to bring it to and support it to £300, by fixing a dividend of fifteen per cent., redeemable by Parliament; that the debt due by the public to the Bank shall be paid by the Company to the Bank in stock at £300, and in like manner to the East India Company; that the whole public debt is to consist of £21,000,000 of capital, bearing fifteen per cent. interest; that national interest is to be reduced to three per cent., and that several benefits of trade and fishing are to be given to the Company.’¹ Stock fluctuated violently during this period of doubt, the limits within a fortnight being, on the one hand, £125 and, on the other, £215. ‘We are here in a most sad state between hope and despair,’ William Windham wrote to Ashe Windham, November 26. ‘Almost every one gives great assurances. Mr. Walpole is said often to declare he thinks his scheme will do, but the Parliament is put off, and so stock falls.’² One reason of the prevalent uneasiness was no doubt due to the attitude of the Prince of Wales. ‘The stocks still keep falling,’ Lady Irvine wrote to Lord Carlisle, November 17, ‘and it is now said that the Prince and his party are for destroying the whole scheme, and either supporting the Bank, or erecting some other bank of credit. This report has put most people in

¹ *Pulteney Papers*, quoted in Coxe’s *Memoirs of Sir Robert Walpole*, II., 195. For prices of South Sea stock at this time, see also a letter of the same date from Eckersal to Daniel Pulteney, *Ibid.*, II., 197.

² *Ketton MSS.*, 201.



FRANCIS ATTERBURY
Bishop of Rochester



despair. Till to-day there has been a report that the Bank and South Sea would agree, and things would be put upon so good a foot the stock would rise to £400.¹

¹ *Carlisle MSS.*, 25.

CHAPTER VII

Walpole's Proposals for Restoring the Public Credit

DECEMBER, 1720

PUBLIC excitement had risen to fever heat when the King in person opened Parliament on December 8. Every one was eager to hear what would be said in the Speech from the Throne anent the great disaster. As a matter of fact, however, there was only an indirect reference to the catastrophe, His Majesty merely recommending the House of Commons to 'consider of the most effectual and speedy methods to restore the national credit and fix it upon a lasting foundation.'

To do this, it is needless to say, the faithful Commons required no urgency; but they were by no means content to confine their energies to bringing this about, they were determined to do their utmost to seek out and punish the guilty parties. The motion for the Address of Thanks, moved by William Pulteney and seconded by Henry Pelham,¹ contained an assurance that, 'This House will, at this critical conjuncture,

¹ Hon. Henry Pelham (1695 ?-1754), M.P. for Seaford, 1717-1722, and for Sussex, 1722-1754; Secretary-at-War, 1724; Paymaster of the Forces, 1730; First Lord of the Treasury and Chancellor of the Exchequer, 1743. He was a brother of the Duke of Newcastle.

wherein His Majesty's Government and the interest of his people are so highly concerned, proceed with all possible care, prudence, and temper, to enquire into the causes of these misfortunes, and apply the proper remedies for restoring and fixing public credit upon such solid and lasting foundations as may effectually give ease and quiet to the minds of His Majesty's subjects.'

This was good so far as it went, but it did not go far enough to satisfy the majority. William Shippen,¹ leading the malcontents, moved that after the words 'for restoring and fixing public credit' there should be added, 'as far as it is consistent with the honour of Parliament, the interest of the nation, and the principles of justice.' 'In order effectually to remedy the present misfortune,' he contended, 'it is absolutely necessary to maintain the honour and faith of Parliamentary engagements, and to show the highest resentment against those who, abusing the trust reposed in them, have given so fatal a wound to public credit, and enriched themselves by the plunder of the nation.' Nor was he content to leave it at this, but, to the dismay of the Court party, continued: 'In my opinion the managers of the South Sea project were not the most criminal, since there were those above them whose duty it was to overlook and direct their proceedings, and who ought to have given a seasonable check to that extremity of folly by which South Sea stock and the subscriptions were advanced to an extravagant rate. Had those at the helm interposed in the affair of the South Sea, as those did in the case of the two Assurances and other

¹ William Shippen (1673-1743), M.P. for Newton. Shippen was notorious for his constitutional support of the Jacobite leaders.

projects, they would have prevented that dismal calamity which has since befallen the nation.'

In so saying Shippen was but delivering the general sense of the House, and other members rose to support his attitude. 'It would be a disgrace to a British House of Commons,' Sir William Wyndham¹ said emphatically, 'to show, on this occasion, less vigour and spirit than the Parliament of Paris, now sitting at Pontoise. That Parliament is justly looked upon as the shadow of an English Parliament, yet it had by its firmness and resolution carried its point so far as to get removed from the Administration that person whom it looked upon as the author of the present misfortunes of France.' With more of bitterness Lord Molesworth² carried on the debate. 'Before we consider of the proper remedies,' he insisted, 'we ought to enquire into the cause and nature of the distemper. It is with the body politic as with the body natural, and therefore we ought to imitate skilful surgeons, who, in order to cure a wound, begin with probing it, and, when they find it necessary, make incision and scarifications to get the venomous cores out of it, before they apply healing plasters. Those who follow a contrary method are but mere empirics, who, by using palliations, make the sore rankle and fester, and endanger the life of the patient. It has been by some suggested that there is no law to punish the Directors of the South Sea Company, who are justly looked upon as the authors of the present misfortunes; but, in my opinion, we ought on this occasion to follow the example of the ancient

¹ Sir William Wyndham, third baronet (1687-1740), M.P. for Somershire, Chancellor of the Exchequer, 1713-1714.

² Robert Molesworth, first Viscount Molesworth in the Irish peerage (1656-1725), M.P. for St. Michael.

Romans, who, having no law against parricide, because their legislators supposed no son could be so unnaturally wicked as to embrew his hands in his father's blood, made one to punish so heinous a crime, as soon as it happened to be committed; and adjudged the guilty wretch to be thrown alive, sewed up in a sack, into the Tiber. As I look upon the contrivers and executors of the villainous South Sea scheme as the parricides of their country, I should be satisfied to see them undergo the same punishment.' James Craggs the younger and Philip Yorke,¹ on the other hand, both urged that the first thing to do was to restore the public credit, and suggested that when this was achieved it would be time enough to enquire into the causes; and they found a supporter in Walpole. 'I have never approved the South Sea scheme,' he declared, 'and am sensible that it has done a great deal of mischief; but since it cannot be undone, I think it the duty of all good men to give a helping hand towards retrieving it. With this view, I have already bestowed some thoughts on a proposal to restore public credit, which, at a proper time, I will submit to the wisdom of this House.'

Ultimately Shippen withdrew his amendment to the Address, but the feeling was so widespread that, to save persons in high places, every effort would be made to screen the offenders, that on the next day a motion moved by James Milner,² and seconded by Jekyll, that the words be added, 'and for punishing the authors of

¹ Philip Yorke (1690-1764), afterwards first Earl of Hardwicke; held high judicial offices; Lord Chancellor, 1737-1756.

² James Milner (d. 1721), London merchant, entered Parliament 1717; published in 1720 'Three Letters relating to the South Sea Company and the Bank,' in which he foretold the disaster which resulted from the South Sea scheme.

our present misfortunes,' was carried without a division, those who in their hearts objected, thinking it wiser to keep silent on this occasion.

The matter, however, was not allowed to rest here, and on December 12, Grey Neville¹ moved, and Robert Pitt seconded, 'That the Directors of the South Sea Company should be ordered forthwith to lay before the House an account of their proceedings since December 25, 1719.' This took the Court party by surprise, and several spoke, adducing arguments which they hoped would result in the proposition being withdrawn. Craggs advocated that the House should at present confine itself to seeking a remedy for the sinking credit, and then make an enquiry into the causes, adding that he could not concur in any other method. Horatio Walpole,² speaking on the same side, admitted that the South Sea scheme was weak in its projection, villainous in its execution, and calamitous in its end, but thought, notwithstanding, that the first thing to do was to apply a remedy to the evil. Robert Walpole also took this view, saying that he had a scheme to propose in a few days, but if the House was in this mood it would certainly be declared impracticable, and he urged members not at this stage to embarrass the Government. No one dared to offer any excuse for the Directors, or to urge that, if found guilty, they should not be duly punished; they only urged that any such measures should be postponed until steps had been taken for

¹ Grey Neville, of Bellingbear, Berkshire (1681-1723), M.P. for Berwick-on-Tweed.

² Horatio Walpole (1678-1757), diplomatist, entered Parliament 1702; Secretary of the Treasury, 1715-1717; subsequently ambassador to various courts; created Baron Walpole, 1756.

restoring the public credit. Delay, however, was exactly what the House as a whole deprecated, and Jekyll was cheered to the echo when he insisted upon the necessity of examining immediately the conduct of the Directors, to see whether they had made good their engagements and had strictly followed the rules imposed by the Act passed in the previous session of Parliament. This, he protested vigorously, was the most natural way of proceeding in an affair of such importance, and he laughed to scorn the idea of attempting to cure a distemper before they knew what it was. After this, the dissentients offered no further opposition, and the motion was accepted. 'The motion of Saturday was yesterday put into better form,' Thomas Brodrick wrote to Lord Middleton on December 13, in reference to this debate. 'The first question moved was in very strong terms opposed by three or four, for, as I remember, that was the number. On the other hand, members spoke with a freedom becoming the British House of Commons. The first who spoke on the side of the question was my quondam colleague, Sir R[ichard] S[teele]. He indeed set the matter in a clear light, by telling us that a nation of more wealth and greater credit than any in Europe, within less than two years, was reduced to what we see, and too sensibly feel, by a few cyphering citts, a species of men of equal capacity in all respects (that of cheating a deluded people only excepted) with those animals who saved the Capitol, who were now to be screened by those of greater figure, for what reason they knew best, others were at liberty to judge. Another [Spencer Cowper ¹] (in answer to an argument against the question, that this vindictive judgment so much

¹ Spencer Cowper (1669-1728), barrister, M.P. for Truro; judge of the Common Pleas, 1727.

contended for, would not attain the end proposed, for that you would not be able to come at the estates of the delinquents) said he thought all the laws against bankrupts being enacted into one against the Directors (for so he would always call them, as what carried more of obloquy than any other word could express) would, in his opinion, attain the end proposed. Abundance spoke with equal bitterness, and such was the general outcry that the previous question which has been demanded was not thought fit to be insisted upon, and they were too wise to discover their weakness by a division upon the main question.'¹ The temper of the House of Commons showed that it was not to be trifled with. Already, on December 14, members protested against the delay in the delivery of the papers concerning the Company's transactions, although only two days had elapsed since they had been demanded, and Sir Theodore Janssen² had assured the House that they were being prepared with all possible dispatch. They were placed before the House on the following day, when, after a hasty perusal, objection was at once taken to the vast sums lent by the Company without due authorisation.

If it was desirable to punish the offenders, it was even more necessary forthwith to set about restoring the public credit. It was known that Walpole was to present a scheme, but, although persons so well informed as Thomas Harley could allude in a letter to Lord

¹ *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 213.

² Four of the Directors were members of the House of Commons, Janssen, Francis Eyles, Sir Robert Chaplin, and Jacob Sawbridge, but none of them, except the first named, attended the sittings.

Harley on November 29 to the principal features of the project,¹ yet on the whole the secret was well preserved. 'The town is left in suspense about the scheme for stock-mending till next Thursday, which day was proposed yesterday by Walpole. He did not open what is in the project, but negatively that bargains were not to be dissolved, but left to the law, and that no new tax was to be laid to help the stock,' Thomas Harley wrote to Lord Harley on December 10. 'It is said the dividend is to be sixteen per cent., but there are so many disbelievers that South Sea is sold at 150. In a short time the books will be shut, then stock may rise in denomination, for people will not trust one another so much as to sell for time.'² Walpole had, indeed, already prepared a scheme, but it is only fair to say that though all the credit was given to him, it was first adumbrated by Jacombe. 'When I waited on Lord Townshend, he was pleased to talk with me on what could or ought to be done for the South Sea Company,' Jacombe had written to Walpole, October 11. 'I mentioned a thought of mine that would be best for the interest of the nation, if instead of adding more to the Company, their capital was divided amongst the three great bodies, the Bank [of England], the South Sea and India Companies; thereby making them more equal, but upon separate interests, as checks on one another, and consequently less powerful and less dangerous to the State. He was pleased with the thought, and commended me to consider how it might be practicable. I promised him to do so against your return to London. I have since thought more closely of it, and do believe, though there are difficulties, yet that it is practicable

¹ *Portland MSS.*, V., 606.

² *Ibid.*, 608.

and advisable. When you come to town, I believe I shall be able to lay a short plan of it before you, and submit it to your judgment.' ¹

When Walpole submitted his plan to the King, he prefaced it with the statement that he had been reluctant to take any hand in the matter, and, indeed, had yielded only in obedience to the royal commands, because he was sensible of the many difficulties that would attend any plan for the relief of the sufferers, and because it was utterly impossible to devise any method by which satisfaction could be given to the stock-holders. 'The public security, and the restoring and establishing public credit in which your Majesty's Government is so highly concerned, are first to be consulted, and this, I hope, may by this means be effectually settled and secured,' he continued. 'A due and compassionate regard is to be shown to the losses of private men, and all that I conceive can be expected, is to give some ease and relief to the present unhappy circumstances, in which great numbers are now involved; but it seems to me impossible, so far, to repair every man's losses, that a great many will not still remain considerable losers.' The first duty, then, being to put the public credit on a sound basis, the individual must go to the wall. It would, of course, have been easy, by financial jugglery, to raise for awhile the price of the stock; but, as Walpole pointed out, any attempt to do so would only involve a new set of persons in the misfortunes, so this course was entirely opposed to any sound policy. 'What I desire,' Walpole said in conclusion, 'may be observed through this scheme is, that I take everything as I found it, and do nothing to alter any man's circumstances, but by an accession of profit, from the Bank

¹ Coxe: *Memoirs of Sir Robert Walpole*, III., 198.

and India Company, and by an impartial distribution of the whole, as it now appears, from the public transactions of the Company, and have carefully avoided, either to enforce or release any public or private contract or obligation, or to ease or relieve any one sort of adventurers at the loss and expense of another.' After these preliminaries the scheme was outlined:—

'That the first money-subscription at £300 per cent. be completed, all future payments to be made in South Sea bonds, and allowing longer time for the same, to make them less, and more easy.

'That stock be given for the moneys already paid in, upon the second, third, and fourth money-subscriptions at £400 per cent. with the Midsummer dividend, and that all future payments thereon be discharged.

'That the stock which shall then remain undisposed of, be divided among the present proprietors of stock, in proportion to their several interests, and thereby an end put to the selling any more stock by subscription.

'That the increased capital of the South Sea stock, amounting in the whole to £38,000,000, or thereabouts, be divided into three parts, £20,000,000 to remain to the capital of the South Sea stock, £9,000,000 to be ingrafted into the Bank stock, and £9,000,000 to be ingrafted into the East India Company, at £120 per cent., and the fund from the Exchequer to attend this distribution, but the parts of the Bank and East India Company to be all five per cent. Each Company to have its proportion of the charges of management allowed by the public.

'That each proprietor of South Sea stock shall have his proportion in the new ingrafted public stock of each of the respective companies, according to this distribution. That all profits which have hitherto arisen, by sale of

stock by subscription, amounting to £15,450,000, shall remain for the benefit of the £20,000,000 South Sea stock, subject to all charges and encumbrances.

‘That all future privileges and advantages, to be granted by the public, shall likewise remain for the benefit of the £20,000,000 South Sea stock.

‘That any further reasonable privileges and advantages be granted to the Bank and India Company, to induce and enable them to admit this ingraftment.’

Walpole, by way of explanation, appended to these proposals some carefully considered observations:—

‘This method puts an end to the great demand for money that arises from time to time by sale of stock by subscription, which alone has the town under such constant distress for money upon every payment, that whilst that subsisted, it was impossible for credit to revive; the payments to be made between the 14th of November, 1720, and the 14th of August, 1721, both inclusive, amounting to £8,478,600 with the compass of six months, which were to be continued on, till the whole subscription has been completed, which would not have ended till the 2nd of July, 1725, but are not to be totally discharged. Every subscriber has great ease and relief from this alteration, by being obliged to take only £250 stock at £400 per cent. who is no woblged to take £1,000 stock at the same price; and when the Midsummer dividend of £10 per cent. in stock, making £25 stock, shall be added to the £250 stock, and the future dividend in stock undisposed of, after the execution of this scheme, amount to above £46 per cent. in stock, shall be added to the £275 stock, every subscriber, for £1,000 paid, will receive £401 10s. stock.

‘The same computation holds upon every £1,000 in the redeemable funds, receiving stock at the same price,

with the same dividends in stock. The dividend of the stock undisposed of upon the capital, puts an end to all future sales of stock by subscription, which not only prevents the former mischief from being repeated, but puts every proprietor in immediate possession of his just share, arising from the profits of the whole, without waiting for annual dividends, subject to the management of Directors, and the sundry chances and hazards that payments to be received in a long course of time are liable to; and every proprietor not only receives his share of profit arising from the South Sea scheme, but has likewise a further advantage upon the whole, by the ingraftment of one-half of his increased capital into the Bank and East India Company.

' This distribution, by ingrafting £9,000,000 into the Bank, and £9,000,000 into the East India Company, reduced the capital of the South Sea stock to £20,000,000. The reduction alone remedies some of the greatest mischiefs that attended the whole scheme. A capital of £40,000,000 is, from its bulk alone, impracticable, and, if raised to any advanced price in any high degree, cannot possibly be negotiated, not only for want of sufficient specie or paper money, but for want of property. Suppose a capital of £40,000,000 raised to £1,000 per cent., the value is £400,000,000: it is not to be conceived that all the property of England can answer such an immense and such an imaginary value, much less that any sort of money can be found to negotiate one half of it. It is impossible to find any profits that can supply a dividend upon so large a capital at any advanced price; but the capital being reduced to one-half, all profits and advantages that can be reasonably given to support the scheme are double upon the half to what they would be upon the whole. And by this

proposal all profits that have arisen already by the sale of stock, and all future advantages to be granted by the public, are reserved for the £20,000,000 of South Sea stock. And as every proprietor is to have his just proportion in each part of the distribution, he partakes in the advantages reserved for the South Sea Company in as full a manner as if his whole had remained there. Besides the profits arising in the South Sea Company, he likewise receives Bank stock at £120 per cent., computed at 160 per cent., and India stock at £120 per cent., computed at 200 per cent.; and for the interest of his money he will in all probability receive £8 per cent. per annum from the Bank and £10 per cent. per annum from the East India Company, in lieu of the Exchequer annuity of £5 per cent. per annum upon each, which are now to be transferred to the Bank and India Company.

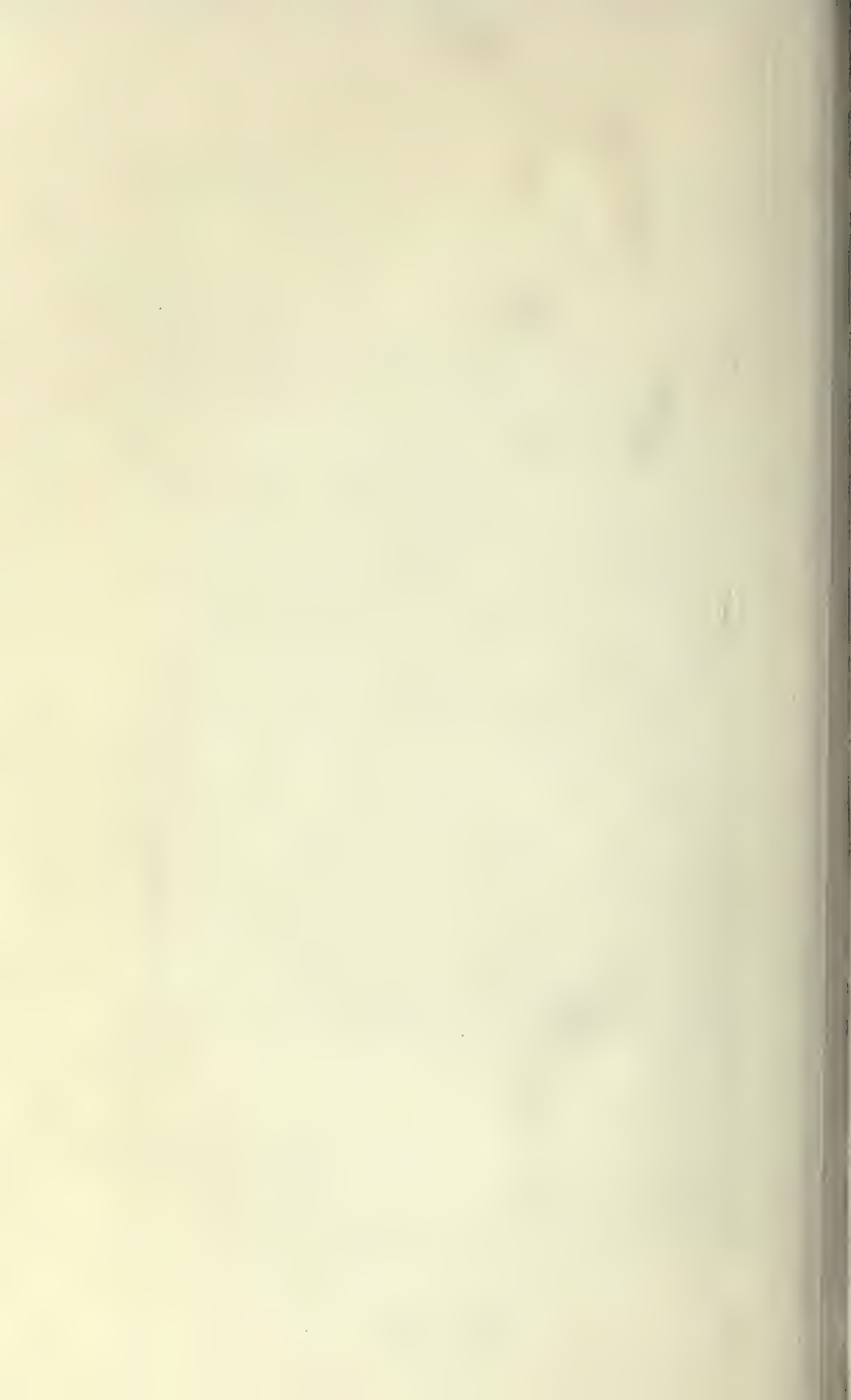
‘ And although every proprietor gives £120 per cent. for the Bank stock, which he is to have in his own right, the £20 per cent. upon the £9,000,000 to be ingrafted into the bank, making in the whole £1,500,000, is reserved for the common benefit of the whole Bank, in which every proprietor is to have his just share, and this reduces the price given for Bank stock to £111 5s., or thereabouts; so that every South Sea proprietor gains of one-fourth of his South Sea stock about 40 per cent. in the advanced price of Bank stock, and upon one-fourth about £80 per cent. in the advanced price of India stock; or, in another view, for the £20 per cent. which he pays for Bank stock above par he will receive an additional dividend of 3 per cent. per annum, and for the £20 per cent. paid for India stock above par £5 per cent. per annum; and this is most evidently an addition of so much to every man’s property in the South Sea stock.

‘ Besides these private advantages, this distribution



HORACE WALPOLE
Afterwards Earl of Orford

From a painting by Nathaniel Horne



of this great capital, with regard to the Government and the public, was almost necessary, and being now divided between the three great bodies and companies of the City, establishes such a balance of power among them, as may make them all useful to the public. The capital of the South Sea Company will now be £20,000,000, the capital of the Bank £14,500,000, the capital of the India Company £12,200,000 ; and as the public has been, and frequently must be, obliged to apply to these corporate bodies for the support of public credit, the public will not be under the necessity to accept the hard terms which one single powerful body might be inclined to impose, when all three are in a condition to aid and assist upon any emergency, and this has been verified by constant experience.’¹

It was expected by the Commons that this scheme would be put before it on December 15, but on the day in question Walpole declared that no proposal likely to prove effective could be proposed until Parliament had determined whether or no the annuitants should be held to their subscriptions, made in August. Five days later, therefore, Walpole took the sense of the House by moving, ‘That the proprietors of subscriptions redeemable and unredeemable, and all other contracts with the South Sea Company, should continue in their present state, unless mitigated to the several proprietors by a General Court or discharged of their several contracts by a due course of law.’ This was pressed to a division and was carried by 267 to 117 votes, the Tories supporting the Court party. At last, on December 22, Walpole unfolded his scheme. The various opinions expressed about it are reflected in the following correspondence: ‘Our scheme was yesterday

¹ Coxe : *Memoirs of Sir Robert Walpole*, II., 107.

opened by Mr. Walpole, who, with the greatest skill imaginable, entrenched himself by telling us that he took for granted things were as they are laid before us, *cujus contrarium*; and in speaking his thoughts, as he termed it, at least six times desired it might be remembered that he argued upon this supposition,' Thomas Brodrick wrote to Lord Middleton. 'The substance in short was this: that of the £38,000,000 now invested in the South Sea Company, £9,000,000 should by way of ingraftment be vested in the Bank, as much in the East India Company, and the remaining £20,000,000 remain to the South Sea. The money account, he said, he did not care to meddle with; and he was in the right, for when that shall be discussed (if ever it be) it will not bear an examination. After many long speeches, to very little purpose, it was understood that the House would be ready to receive proposals from these three great bodies, which we shall, I think, agree to, be they what they will, for the same reason (for they will be plentifully made use of) which induced us to pass the Bill last Session. I then told you what I thought would be the issue, which to my great grief proves too rightly judged. I will now tell you my fears of this matter. That Mr. Walpole made the most of everything is very certain; and supposing his postulata (to use his own word) well grounded, his conclusions were right. But my opinion is that skimming over the sore, without probing the wound to the bottom, will end in its breaking out again, when possibly the malignity may be too great to overcome; but we are for putting off the evil day, and he is a fool or knave who joins not therein.'¹ The principal fear that oppressed Brodrick

¹ December 22, 1720; *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 204.

was that the guilty would escape, owing to the interest taken in the matter of restoring the public credit, which, in his opinion, should come second to vengeance. 'The scheme for restoring credit,' Thomas Harley informed Lord Harley, 'has been opened in the House which met with little opposition, and yet the stock is lower than it was. The members are as docile as one would wish, but when stock comes to be put in the balance against specie, there is not enough of this commodity to carry on jobbing to the height it was in the late age of paper. The owners of stock and subscription complain, but the annuitants cry out aloud. Among the advantages to be given to the South Sea, they are to have Nova Scotia, from whence naval stores are to come. Mr. Secretary Craggs said in the House, if Law had concluded his bargain with the Czar for all the produce of Muscovy, we must have been supplied from Arcadie. They are likewise to have some pretty island in those parts, which is not yet peopled, and therefore more valuable, there being no one to hinder the planting right principles.'¹ Daniel Pulteney also had something to say on the subject. 'After a good deal of private management, in which the public was very little considered,' he wrote to the Hon. John Molesworth,² 'Mr. Walpole has produced a scheme for the South Sea, which, in my opinion, is liable to many objections, one, I think, very material. It obliges the proprietors of, and subscribers to, the South Sea, to take one-fourth

¹ December 22, 1720; *Portland MSS.*, V., 610.

² The Hon. John Molesworth (1679-1726) was the eldest son of Robert Molesworth, first Viscount Molesworth, to whose title he succeeded in 1725. He was appointed a Commissioner of Trade in 1715, and subsequently undertook several diplomatic missions.

of their stock in Bank and another fourth in East India stock at a fixed rate. I don't like either of these stocks; must I take them against my will and contrary to my judgment? This is compulsive disposal of private property, which, I believe, was never practised before by Parliament.'¹

¹ December 18, 1720; *Clements MSS.*, 289.

CHAPTER VIII

Parliamentary Measures

JANUARY, 1721

DURING the Christmas recess there were many rumours as to the course which would be taken in connection with those responsible for the mismanagement of the Company. 'The House is preparing to examine into the ill-practices of the South Sea Directors,' Sir James Lowther¹ wrote to Lord Carlisle, December 29, 'and have for that purpose ordered them to lay before the House their reasons for resolving to make dividends of fifty per cent., and for promoting subscriptions at £1,000, it being evident that those proceedings have brought on this calamity and misery upon the nation.'²

When the Commons reassembled on January 4, Jekyll at once moved, 'That leave be given to bring in a Bill for restraining the Sub-Governor, Deputy-Governor, Directors, Treasurer or Cashier, and Accountants of the South Sea Company from going out of this kingdom for the space of one year, and until the end of the next session of Parliament; and for discovering the estates

¹ Sir James Lowther, bart., of Whitehaven (d. 1755), M.P. for Cumberland.

² *Carlisle MSS.*

and effects, and from preventing the transporting or alienating the same.' No one venturing to oppose the suggestion, it was ordered by the House that the Bill should be introduced. This, however, did not, in the opinion of many members, go far enough to please all, and Shippen was voicing a popular sentiment when he, while expressing his approval of the measure to secure the persons and estates of the Directors and officers of the Company, said that in his opinion there were some men in great stations, whom he would name in due course, who were no whit less guilty. Then ensued an extraordinary scene. No sooner had Shippen sat down, than James Craggs the younger, apparently feeling acutely that the cap fitted him better than most present, jumped up and cried angrily, that he was ready to give satisfaction to any one that should question him, either in the House or out of it. This caused an immense sensation, for in those duelling days there was but one interpretation to put upon the phrase. Lord Molesworth took it upon himself to act as spokesman for the excited assembly, and he rebuked the last speaker with spirit. 'I have had the honour to be a member of this House upwards of thirty years,' he said, 'and never before now have known any man bold enough to challenge the whole House of Commons and all England besides. For my part, though past sixty, I will answer whatever the Right Hon. Gentleman has to say within the House, and I hope that there are younger members enough who are not afraid to look him in the face out of the House.' In reply, Craggs, having regained control of his temper, declared that he had been misunderstood, and that by giving satisfaction he had merely meant clearing his character.

The Directors' Bill, as it was commonly called, was

a very popular measure. 'I wish the Parliament was able to afford suitable remedies to the present malady,' Sir William Robinson¹ wrote to Lord Carlisle. 'The calamity is so universal that infinite numbers must suffer, if we were unanimous in applying proper plasters to the hurts done to all degrees of people by the vile practices of the Directors. There seems a spirit in both Houses to pursue them to condign punishment.'² Popular, too, was the appointment of a Committee of Secrecy to investigate the whole business. 'There is no danger but enough will be proved against them—it is illegal to buy stock in corporate capacity, unwarrantable to lend money on subscriptions; but the top Directors have a hundred things to answer for,' James Windham wrote to Ashe Windham on January 5. 'The town is very much rejoiced at this vigour in the Commons, for it was shrewdly suspected the Court did desire to screen the Directors for fear it might draw in Craggs. As for Aislabie, he must fall, for he has at least been guilty of as much villainy as any of them.'³

Much depended upon the composition of the Committee of Secrecy, which was to be elected by ballot, and each side strained every nerve to influence the issue. 'I suppose you will have the list of the Committee sent you by several people, but it is now eight at night, and the House of Commons is yet sitting, and for fear none of your friends should have time to write, I enclose it,'

¹ Sir William Robinson, of Newby, Yorkshire (1655–1736), M.P. for York, 1697–1722. He had married Mary, eldest daughter of George Aislabie of Studley Royal, a niece of John Aislabie, the late Chancellor of the Exchequer.

² *Carlisle MSS.*, 27.

³ *Ketton MSS.*

Lady Elizabeth Lechmere¹ wrote to Lord Carlisle on January 10. 'If you saw the Court list, you'll find Sir Joseph Jekyll and Mr. Wortley² are the only two men that were in it that were chosen, so that I believe there is some disappointment in some places. Sir William Thomson³ was one of the Court list, but I did not hear of anybody besides themselves that thought he was a fit man to enquire into what related to corruption.'⁴ Eleven days later Lady Elizabeth again referred to the same matter in another letter to the same correspondent. 'As to what you say about the Committee,' she wrote, 'I believe it is generally thought to have been a great deal laboured by the Court to carry their list, and for their interest to do so; and those who are of this side say it appeared to be their intention to baffle the enquiry, and carrying their list would have done it in the most effectual manner.'⁵ The names of the members to serve on the Committee were announced on January 11: Thomas Brodrick (chairman), William Clayton,⁶

¹ Lady Elizabeth Howard (d. 1739), daughter of Charles, third Earl of Carlisle, married Nicholas, afterwards Baron, Lechmere. His widow in 1728 married Sir Thomas Robinson, bart. (1700 ?-1777).

² The Hon. Edward Wortley Montagu (1678-1761), M.P. for Westminster, the husband of Lady Mary Wortley Montagu, the author of the 'Letters.'

³ Sir William Thomson (1678-1739), M.P. for Ipswich; Solicitor-General, 1717-1720; Cursitor Baron, 1726; Puisne Baron of the Exchequer, 1729.

⁴ *Carlisle MSS.*, 26.

⁵ *Ibid.*, 27.

⁶ William Clayton, M.P. for Bletchingley. He was the nephew and heir of Sir Robert Clayton (1629-1707), the London merchant and philanthropist, who acquired the estates of Bletchingley and Marden from Lord Peterborough and Sir John Evelyn, respectively. William Clayton was created a baronet in 1732.

Archibald Hutcheson, Edward Jeffreys,¹ Sir Joseph Jekyll, Nicholas Lechmere, Lord Molesworth, Sir Thomas Pengelly,² General Ross,³ William Sloper,⁴ Colonel Thomas Strangeways,⁵ The Hon. Dixie Windsor,⁶ and the Hon. Edward Wortley Montagu.

Lady Elizabeth Lechmere in her letter of January 10 to Lord Carlisle noted that the House of Commons sat until late, but the business which engaged it was not concerned with the Committee of Secrecy, but the resolution for ingrafting South Sea stock upon the respective stocks of the Bank and the East India Company, a matter which was warmly debated in a crowded House. 'Though the Court lost their list upon the ballot for a Secret Committee to roast South Sea Directory, yet Mr. Walpole's scheme was carried yesterday after a long debate by a great majority: opposed and spoken against by [Sir Joseph Jekyll] the Master of the Rolls, Mr. Smith, Hutcheson, Sloper, Pitt, Shippen, etc.,' Edward Harley wrote to Lord Oxford. 'Thus Bank, India, and South Sea Companies are now put upon one bottom, and must sink or swim together; but figures are come in fashion again in the city, and, therefore, they presume to say that this will be a scheme for two months' stock-jobbing, and then all sink together.'⁷

¹ Edward W. Jeffreys, M.P. for Droitwich.

² Sir Thomas Pengelly (1675-1730), serjeant-at-law; M.P. for Cocker mouth from 1717; chief Baron of the Exchequer, 1726-1730.

³ The Hon. C. Ross, M.P. for Ross.

⁴ William Sloper, M.P. for Bedwin.

⁵ Colonel Thomas Strangeways, M.P. for Dorsetshire.

⁶ The Hon. Dixie Windsor (1672-1743), younger son of Thomas Windsor, first Earl of Plymouth, and brother-in-law of William Shippen. He represented the University of Cambridge in six successive Parliaments.

⁷ *Portland MSS.*, V., 612.

Edward Harley was not alone among the pessimists. 'Though Mr. Walpole's scheme was carried in the House by a great majority,' Sir William Robinson wrote to Lord Carlisle on January 12, 'yet I find the City does not relish the project of ingrafting nine millions to the Bank and India Companies, believing the stock cannot rise above 200, which will not answer the expectations of the poor annuitants, nor the subscription people; but if some further aid of Parliament could be had, to raise the stock to 300, most people would sit down tolerably easy under their respective losses.'¹

The Directors' Bill was rapidly pushed forward. It was read a first time on January 10, a second time on the following day, and reached the Committee stage forty-eight hours later. In its final form it prohibited the Directors leaving the kingdom for a year and before the end of the next session of Parliament, and required them to enter into recognisances of £100,000, with two sureties of £25,000 each, for the observance of this condition; it ordered the delivery of an inventory of their estates real and personal upon oath, and enacted that if they should be found guilty of a false return they should be guilty of felony. The Directors, alarmed by the severity of the Bill, petitioned to be heard by counsel in opposition. 'This,' Brodrick wrote to Lord Middleton, 'was rejected with the utmost indignation, although supported by some of our great men (which by the way was very ill relished) not only in favour of the Directors, but on account of justice, for that no criminal (how great soever) ought to be condemned unheard. To which it was answered, that this Bill did not condemn, the chief end being only to secure their standing a trial, and preventing alienation of their estates till such times

¹ *Carlisle MSS.*, 27.

as their trial was over. It was then said, even thus much would be inflicting a great punishment unheard ; to which it was replied that surely gentlemen had not read over the papers and accounts delivered at the bar by themselves, for that by these the most notorious breach of trust (against the tenour and purport of the South Sea Act, as well as against their own by-laws) were confessed, that therefore the case was no more or other than committing or requiring bail from a criminal upon confession, according to the nature of the offence ; that from the notoriety of the thing as well as from national prejudice sustained thereby, the Legislature were now doing what in ordinary cases the magistrate might and ought to do. The House was, from a coolness of temper, wrought up to a great height, and that (in my opinion) by the earnestness of some gentlemen, who at last were forced quietly to give up the point.¹ The Bill was read for the third time on January 19, and sent to the Lords, and, being approved by them, received the Royal Assent on January 25.

The matter had already attracted the attention of the House of Lords, where, at the instance of the Duke of Wharton, it was considered on December 20. The Duke made a tremendous onslaught on the mismanagement of the Company, dwelt with emphasis on the fraudulent practices of the Directors (as instanced, he stated, in some collusive bargains about stock between the Sword-blade Company and Robert Knight, the South Sea Treasurer), and expressed the hope that condign punishment would be meted out to the guilty parties. Lord North and Grey was no whit less severe in his condemnation, but was able to derive some personal satisfaction

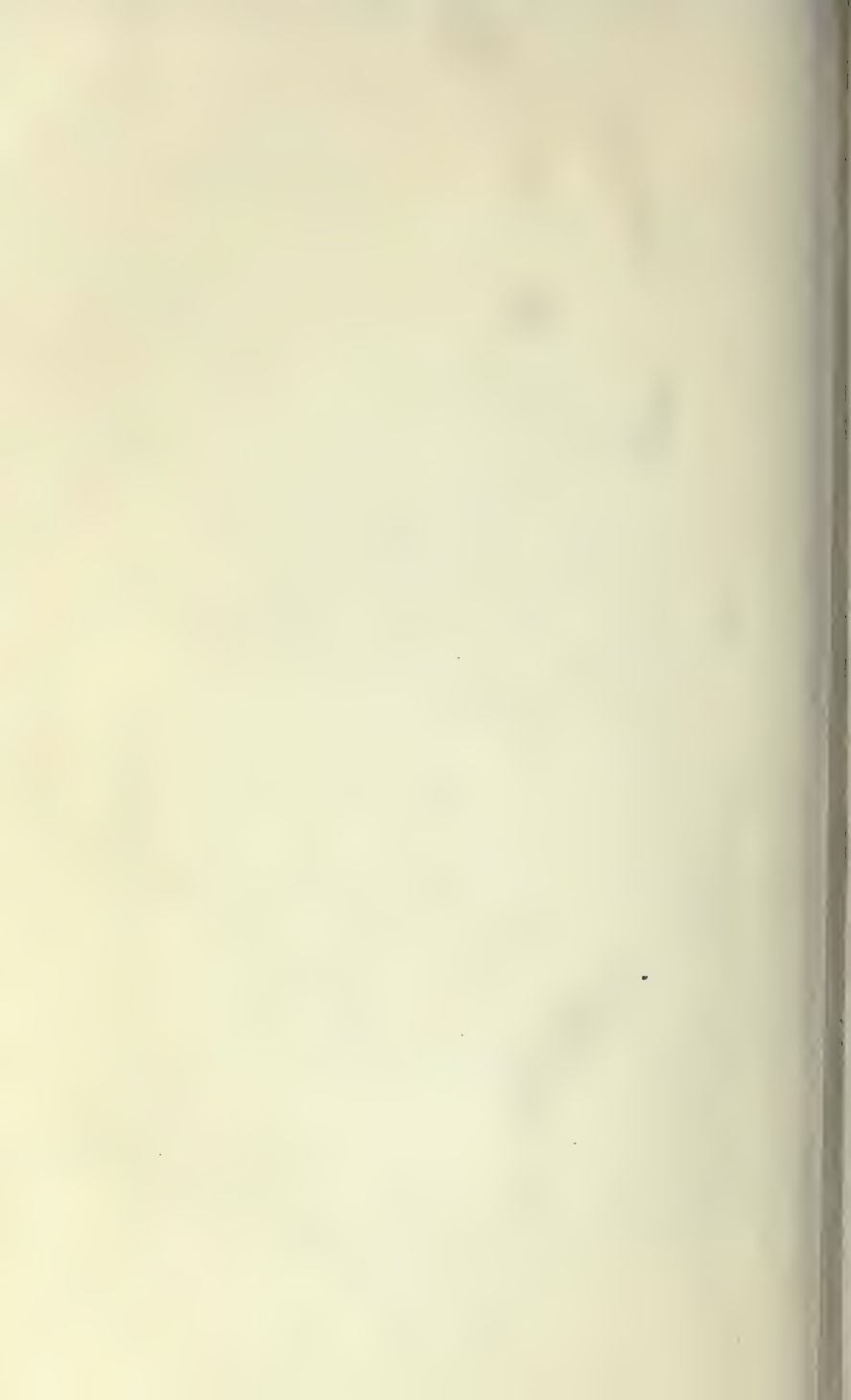
¹ *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 205.

from the fact that eight months earlier he had prophesied the dismal consequences with which they were now confronted. Papers were called for, and these were laid before the House on January 9. On the following day Lord Stanhope moved, 'That the estates of the criminals, whether Directors or not, ought to be confiscated to make good the public losses.' In support the Duke of Wharton insisted that in apportioning the blame they must be no respecters of persons whatever their station, and Lord Cowper said those were responsible who were appointed to supervise the proceedings of the Directors. Lord Sunderland, replying for the Government, admitted that he had been in favour of the scheme, which he thought if properly carried out would have been for the public good, and he urged that no one could have conceived that it would have been so abused in practice. He then declared that the appointing the Directors of the South Sea Company to be managers for executing the South Sea Act was legal, and his contention was, on a division, supported by 63 to 28 votes.

The Lords ordered the Directors and officers of the Company to attend on January 12, when they were examined; but their answers were unsatisfactory, and the House passed a resolution, 'That the Sub-Governor and Directors of the South Sea Company had prevaricated with them, in giving false representations of several matters of fact; that by lending money on stock and subscriptions they were guilty of a notorious breach of trust; and that they ought to make good the losses the Company had sustained by their fraudulent management.' The examination continuing, on January 19 it transpired that large quantities of stock had been transferred to Aislabie, whereupon the Duke of Wharton



JAMES, FIRST EARL OF STANHOPE



said, 'I hope some great men will produce some good fruit, else they will break out into blotches that will stick upon them, like the leprosy of Naaman the Syrian on Gehazi.'

When the Commons assembled on January 28, they received the unexpected and startling news that Robert Knight, Cashier of the South Sea Company, had absconded. During the previous week his examination by the Committee of Secrecy had begun, and without waiting for its conclusion, he had, without warning, on Sunday night embarked for Calais, leaving behind him a letter, dated the previous day, and addressed to his Directors, which was brought to the House by Robert Surman, the Deputy-Cashier. 'I write this,' so ran this document, 'from a true sense of the obligation I am under to make up my accounts with the Company, and to pay them their full demand; and though self-preservation has obliged me to withdraw myself from the resentment against the Directors and myself, yet I am not conscious to myself of having done any one thing that I can reproach myself for, so far as relates to an honest sincere intention and zeal for the Company; but I can, and do, charge myself with a great many indiscretions, and am (besides the concern I must be under for leaving my own family, friends, etc.) very sensibly touched with what you are likely to suffer on this account; and it will be the more, I am afraid, from your want of unanimity, which I heartily recommend to you for the future, and, I am sure, wish you as well as you wish yourselves. I write this at a distance from home, and under a great deal of concern, so cannot be so particular as otherwise I would have been. I have herewith sent Mr. Surman the keys of my desks, who knows so much of the state of the cash as to be

able to make it up. There are a good many Bills of Exchange and other payments to write off, and the weekly receipts to write on. There is cash in the Bank, in the Company's book, which, together with the notes taken on the Third and Fourth Subscriptions, and the Company's bonds, will make up the balance as I do believe. But if it fall short, I have £3,000 equivalent stock, £1,500 Bank stock, £2,000 India and South Sea stock, over and above what I owe the Company on the loan, as will be sufficient to make it up with money owing on securities on my particular account. The Company need not deliver or be answerable for the Subscription receipts or stock on the Third and Fourth Subscriptions, unless these notes are paid; so the loss can only be the difference between the Subscriptions and money in value. And, I think, it would be hard for me to bear the loss, because the clerks took by far the greatest part of them, as thinking them better than none. And most of them would have been non-payments, if they had been refused. However, I submit this to the Company. I have taken with me but little more than a sufficiency to maintain myself; and the effects left will more than answer for all the deficiencies. I have bought no land in trust for me, nor have I ever conveyed or settled any part of that I had formerly, or have bought lately; it remains to answer any demands on me from the Company or the Legislature. I have withdrawn myself only to avoid the weight of the enquiry, which I found too heavy for me; and I am sensible that it would have been impossible for me to have avoided the appearance and charge of prevarication and perjury, not from my own intention to do so, but from the largeness and extent of the enquiry, and the nature and largeness of the transactions. I am sure

I am a good deal concerned to add to your present difficulties; though I must say I have deserved better usage than I have had from the Court the last week; but this I say without any resentment, otherwise than that it has been an addition to the weight I had before upon me.'

Little is known of Knight, save what may be deduced from the description given by Arthur Onslow, who wrote: 'He was certainly a man of good parts, of an address far above his birth or former manner of life (which, I think, had been that of a tradesman), very insinuating, open in appearance, yet close and dexterous in management of the trusts he undertook.'¹ Though but a paid servant, he was regarded as one of the most important witnesses in the case, for, from the position he occupied, he had perforce been entrusted with all the secrets of the project, and was acquainted in the main, if not, perhaps, in detail, with the corrupt dealings of the Company with the guilty Ministers. If he had remained in this country he faced the risk of a long term of imprisonment and the certainty of losing any profits he might have made by speculation. It is true that he might possibly have been able to drive a bargain to be held indemnified if he betrayed his superiors, but there is no reason to suppose that he entertained the idea of any such baseness. It is most probable, indeed, that it was the guilty parties in high places who, in the hope of saving themselves, urged him to fly. Rightly or wrongly, this was the idea generally entertained. 'You will by this post have an account that your acquaintance, Mr. Knight,

¹ *Anecdotes of Arthur Onslow (Hist. MSS. Com., XVI., App. Pt. IX., 507).*

is gone off; he went as it is supposed last Saturday night or Sunday morning,' Lady Elizabeth Lechmere wrote to Lord Carlisle on January 24. 'I have not heard what resolutions the Commons came to yesterday, but 'twas thought upon this, all the Directors would be taken into custody. I believe Mr. Knight's being gone will be a loss to the Secret Committee, for he knew as much of the secret as anybody. 'Tis said that some of the principal brokers will make discoveries; to be sure 'tis in their power, who have transacted so much, to give a good deal of light. I believe those people are not very easy at present, who know themselves to be deep in the knavish part which was last summer carried on with so much success.'¹ Dr. William Stratford, writing to Edward Harley, was more outspoken. 'No doubt Knight's going was by concert, and it is likely with others besides Directors,' he wrote two days later. 'I fancy too, as you do, that after all the noise these gentlemen will not suffer what others expect, much less what they deserve.'²

The House of Commons must have regretted that, on January 4, they had not accepted Lord Hinchinbrook's motion, that the Directors and Officers of the Company be ordered into custody. They now did the best they could to repair their blunder, and at once sent two Addresses to the King, one praying him 'to issue a proclamation for discovering, apprehending, and detaining Robert Knight, that he may be brought to justice'; the other, 'to give orders forthwith to stop the ports, and to take effectual care of the coasts, to prevent the said Mr. Knight or any other officers of the South Sea Company from escaping out of the King-

¹ *Carlisle MSS.*, 28.

² *Portland MSS.*, VII., 288.

dom.' This was with a vengeance locking the stable door after the horse had been stolen ; but it was all that remained to do. On their own account, however, they took drastic steps, upon a preliminary statement of the Committee of Secrecy. 'That they had already discovered a train of the deepest villainy and fraud that Hell ever contrived to ruin a nation, which in due time they would lay before the House ; and that in the meanwhile, in order to a further discovery, they thought it highly necessary to secure the persons of some of the Directors and principal South Sea Officers, and to seize their papers.' Upon this, orders were given to secure the books of Knight, Surman, John Grigsby (Accountant of the Company), Elias Turner, and Sir George Caswell & Co., and to arrest Sir John Blunt, Sir John Lambert, Directors, and Sir John Fellowes the Sub-Governor. The Commons then passed a motion that the four Directors who were members of the House (Sir Robert Chaplin, Sir Theodore Janssen, Francis Eyles, and Jacob Sawbridge) ' were guilty of a notorious breach of trust as Directors of the South Sea Company, and thereby occasioned very great loss to great numbers of His Majesty's subjects, and had highly prejudiced the public credit,' and proceeded to expel them, and to give them into the custody of the Serjeant-at-Arms.

That same evening Aislabie, the Chancellor of the Exchequer, resigned,¹ and, by an Order in Council, all South Sea Directors were deprived of their places and their names struck off the Commissions of the Peace.

¹ Sir John Pratt (1657-1725), Chief Justice of the Court of King's Bench, succeeded Aislabie as Chancellor of the Exchequer. He was sworn in on February 4, but only held this office until April 3, when Walpole became First Lord of the Treasury and Chancellor of the Exchequer.

Those who suffered by this were: James Edmondson, purser of H.M.S. *Royal Anne*; Francis Hawes, Cashier of the Customs; Sir Harcourt Master, Receiver-General of the City of London; Thomas Reynolds, a Commissioner of the Victualling Office; Robert Houl-ditch, Treasurer of the Stamp Office; and Arthur Ingram, Treasurer of the duties upon salt.

By Royal Proclamation, £2,000 was offered for the taking of Knight, but even this great reward was useless, for the offender had escaped from France to the Netherlands. There, indeed, his whereabouts becoming known, the English Minister applied to the Marquis de Prie, and at his instance Knight was seized, and imprisoned in the castle at Antwerp. The States of Brabant, however, pleaded their privileges by which, under a charter granted by the Emperor Charles V., which had been ratified by his successors, no person charged with, or apprehended for, any crime could be removed to be tried outside their province. 'Yesterday,' Edward Harley, junior, wrote to Abigail Harley, on March 28, 'the Commons received an answer from the King, relating to Mr. Knight; the King's letter to the Emperor, the Emperor's answer, Townshend's letter to Zinzendorf, and his answer, were all read to them; and they all give but little encouragement to expect Knight. The Emperor says he must protect the State and Liberties of Brabant, but will endeavour to prevail on them to give him up. Yea, quoth the Emperor, but not to-day. Upon this Hutchenson moved that Knight should be pardoned, was seconded by the Attorney-General, who added, and to have his estate, but Jekyll sounded a retreat and another day is appointed to consider Knight's affairs. A large trunk of his papers was sent down from the Lords, which are ordered to be perused by a Com-

mittee (not the Secret).'¹ Much as they wanted his evidence, the House did not feel it could purchase it at the price of complete indemnity. Further particulars of the case are forthcoming in a letter, written in May, to the Hon. John Molesworth: 'On mande par une lettre secrette datée le premier de ce mois de Mai de Bruxelles, qu'il ni avoit point a douter ou que le S^r Knight, dernier cassier de la Compagnie du Sud d'Angleterre y avoit été mené en secret d'Anvers, que depuis ce temps les etats de Brabant, s'étant assemblées, on disoit qu'ils ne pourroient consentir a ce qu'il fut transporté, et que la chose avoit été remise à une autre assemblée; le fils du dit Knight étoit à present enfermé avec son père sur ce que Monsieur le Resident Leathes a representé qu'il faisoit des brigues, et qu'en effet la requête qui a été présentée en son nom étoit très forte et contenoit une enumeration des Articles des plusiers Inaugurations, qui portent qu'aucun étranger, réfugié aux Pais Bas, et coupable de quelque crime que ce soit, ne pourra être transporté ailleurs pour etre jugé, mais qu'on luy feroit son procès à Bruxelles; que cependant il paroisoit que c'est serieusement et tout de bon, que la Cour d'Angleterre presse pour qu'il soit livré, que la lettre de Sa Majesté Brittanique à l'Empereur est si forte, et si pressante, qu'on n'en peut douter la conduite de Knight, chargé de la caisse publique, y est traité de crime atroce, et l'on y fait considerer la ruine non seulement d'une infinité de familles, mais aussi la perte du credit public, qu'ainsi il paroisoit par toutes les demarches du Resident Anglois, que c'est absolument qu'on veult qu'il soit livré, qu'a ce qu'on disoit, il s'agissoit d'une solde de comte de £800,000 sterling, dont le dit Knight pouvoit seul enseigner l'employ

¹ *Portland MSS.*, V., 619.

en fait, qui est uniquement se qu'on luy demande. Cette lettre adjoute qu'il avoit lieu d'esperer pourtant qu'il pourra etre livré a certaines conditions, et qu'on n'a que faire convoquer de nouveau encore une fois les Etats de Brabant que le moins le President donnoit cette esperance ; mais que l'on s'étonne que le Ministre d'Angleterre n'est pas sollicité de l'Empereur même des lettres addressies aux des Etats de Brabant ; on croit que cel pourroit réussir, et qu'ils le livroient à conditions et sans prejudices de leurs privileges pour cette fois la seulement, en regard à l'importance de la chose, et aux consequences si prejudiciables à un bon Alliè de l'Empereur.¹

Presently Knight made his escape from Antwerp, and, according to Arthur Onslow (who declared he had the information from 'undoubted authority'), the escape was made with the connivance of the Marquis de Prie, who for this service and for not delivering him up, received from the King's Civil List, through the medium of Lord Sunderland, the sum of £50,000. Anyhow, Knight was not surrendered. In later years he settled in Paris, where, again according to Onslow, he lived in great style, 'treating and caressing and doing all kind offices to the English who went there, in the hope that sooner or later they might contrive his return to his own country. In August, 1742, he was granted a pardon under the Great Seal.

It was generally believed that the efforts to secure the return of Knight in 1721 were more apparent than real, and that neither the Court nor the Ministry wished him to appear upon the scene. So generally was the point of view accepted that his absence was regarded by those in high places as desirable in the interests of others also

¹ *Clements MSS.*, 314. This letter is printed as written.

in high places, that the cartoonists delighted to place the supposed culprits, Aislabic, Craggs, the Duchess of Kendal, the Countess of Platen, and others behind a screen, which sheltered them from the full publicity of their misdoings. One of these cartoons,¹ styled 'The Brabant Screen,' and dated July 29, 1721, had printed below it these lines :—

In vain, Great Britain sues for Knight's discharge,
In vain we hope to see that wretch at large !
If traitors here, the villain there secure,
Our ills must all increase, our woes be sure.
Should he return, the *screen* would useless be,
And all men then the mystery would see :
The mask thrown off, the villain would appear
Not Antwerp's slave, but others that are here.
Almighty God, exert Thy awful power,
Oh ! let not sycophants our land devour :
Too sure again ! we may be all betray'd,
If to do justice now we are afraid !
Our noble senate, honest, just, and brave,
Fain would this realm from dire destruction save ;
They all unite, our glory to inflame,
And would confirm us great, as is our name !
Too well they see those snakes, who perdou lie,
Screened by betrayers of our liberty,
Who bask themselves in our security.
Under this covert they would seem our friends,
But oh ! their treach'rous aims have fatal ends.
Assist, Great George, the runs of empire's thine,
Guide thou thy chariot, like a God divine !
Let no curs'd traitor tho' of high degree
Eclipse the beams of sacred Majesty !
Give ear to pray'rs which thy best subjects make,
And, oh ! defend this land for pity's sake.
Each member of the state, distinctly brave,
Does, by addressing, thy protection crave ;
Throughout the realm, our loud complaints are sent,
Oh, King and Father ! all our griefs prevent !

¹ There are several cartoons dealing with Knight. One of the best is, 'Robin's Flight, or, The Ghost of the late S.S. Treasurer ferry'd into Hell.'

CHAPTER IX

The Committee of Secrecy

FEBRUARY, 1721

THE flight of Robert Knight did not have so great an effect as those who engineered it must have hoped, but the absence of this witness, together with the disappearance of some of his books, did certainly hamper the investigation. Happily, however, there still remained others from whom, by skilful and persistent examination, was gleaned sufficient information to damn those most intimately associated with the project.

The Lords, apparently unperturbed by the flight of the Treasurer of the Company, proceeded with their investigations, and on January 24, in consequence of the admission of Charles Joye, the Sub-Governor, they, on a motion of Lord Stanhope, ordered into the custody of Black Rod, five Directors, Sir William Chapman, Robert Chester, Edward Gibbon, Francis Hawes, and Robert Houlditch. Transactions, each more discreditable than the last, came to light one after the other, and two days later the House was shocked to find, fully confirmed by the evidence given by Sir Harcourt Master and William Astell, the rumour, which for some time had been current, that not only had several members of the Lower Chamber received gifts of South Sea stock for voting for the Bill, but that members of the Government had by the same

means been induced to give it their support. On this, it was resolved by a motion, moved by Lord Stanhope, seconded by Lord Townshend, and carried unanimously, 'That the taking in of stock, the transferring of stock to the South Sea Company, the giving credit for the same without a valuable consideration actually paid or sufficiently secured, or the purchasing stock of any Director or agent of the South Sea Company for the use or benefit of any person in the Administration, or any member of either House of Parliament, during such time as the late Bill relating to the South Sea Company was depending last year in Parliament, was a notorious and dangerous corruption.' Five days later, in consequence of further revelations, the Lords put it on record, 'That the Directors of the South Sea Company, having ordered great quantities of stock to be bought for the service of the Company, when stock was at very high prices, under pretence of keeping up the price of stock ; and at the same time several of the Directors and other officers belonging to the Company having, in a clandestine manner, sold their own stock to the Company ; such Directors and officers were thereby guilty of a notorious fraud and breach of trust ; and their so doing was one great cause of the unhappy turn of affairs that has so much affected the public credit.' Little by little, the whole story was extracted from the witnesses, and after the examination of Hawes and some of the brokers, the House of Lords, on February 2, came to the following conclusions : (i) That the Directors, etc., buying the Midsummer dividend about the 4th of January, 1720, and paying Five Shillings down, and £8 after the receipt of the said dividend, was a fraud to the persons with whom they contracted ; (ii) that the giving a premium for the refusal of stock at higher prices than they knew

the value was, was a fraudulent artifice to raise the price of stock; (iii) that promoting the third subscription at £1,000 per cent. was to answer a particular end and to cheat the public; (iv) that the declaring thirty per cent. dividend for a half-year, and fifty per cent. per annum for no less than twelve years after, was a villainous artifice to delude and defraud His Majesty's good subjects; and (v) that the declaring the Midsummer dividend to be paid in stock, when they had money by them to answer the same, was a notorious fraud, and was one occasion of the misfortune that ensued.

One of the most important witnesses was Sir John Blunt. Originally a scrivener, he had, by sheer force of great business ability, acquired a fortune, and had been one of the chief projectors of the scheme. He was, it has been stated, a Dissenter of a most religious deportment, and he was never weary of declaiming against the corruption and luxury of the age: wherefore Pope portrayed him in his 'Epistle to Allen, Lord Bathurst':—

'Much injured Blunt! why bears he Britain's hate?
 A wizzard told him in these words our fate:
 "At length corruption, like a general flood,
 (So long by watchful ministers withstood)
 Shall deluge all; and avarice creeping on,
 Spread like a low-born mist, and blot the sun;
 Statesman and patriot ply alike the stocks,
 Peeress and butler share alike the box,
 And judges job, and bishops bite the town,
 And mighty bishops pack cards for half-a-crown.
 See Britain sunk in lucre's sordid charms,
 And France revenged on Anne's and Edward's arms!"
 'Twas no court-badge, great scriv'ner! fired thy brain,
 Nor lordly luxury, nor city gain;
 No, 'twas the righteous end, asham'd to see
 Senates degenerate, patriots disagree,
 And, nobly wishing party-rage to cease,
 To buy both sides, and give thy country peace.'

On the day, February 4, when Sir John Blunt was examined before the Lords, the Duke of Wharton, *à propos* of the South Sea scheme, made an attack on the general conduct of the Government, and concluded with a tremendous onslaught on Lord Stanhope, whom he accused of having created, or at least fomented, the dissensions between the King and the Prince of Wales. 'My Lords,' he said, 'there was in the reign of Tiberius a favourite minister, by name Sejanus; the first step he took was to wean the Emperor's affection from his son; the next, to carry the Emperor abroad; and so Rome was ruined.' Lord Stanhope retorted very happily upon his assailant. 'The Romans were certainly a great people, and furnished many illustrious examples in their history, which ought to be carefully read, and which I make no doubt the noble peer who spoke last has done,' he replied. 'The Romans were likewise universally allowed to be a wise people; and they showed themselves to be so in nothing more than by debarring young noblemen from speaking in the Senate till they understood good manners and propriety of language. As the Duke has quoted an instance from the history of a bad minister, I beg leave to quote from the same history an example of a great man, a patriot of his country, who had a son so profligate that he would have betrayed the liberties of it, on which account his father himself [the elder Brutus] had him whipped to death.' So angry was Lord Stanhope, and so heated did he become while making this bitter reply, that, in his passion, he broke a blood-vessel, from the effects of which accident he died on the following day.

In justice to the Duke of Wharton, it must be said that subsequently he made ample amends for his speech in the House of Lords by contributing to his paper, the

True Briton, a handsome panegyric on the deceased statesman. 'The Earl of Stanhope,' he wrote, 'who had passed through the greatest employments, is another example of this glorious disinterestedness; and by the opinion which the world had framed of his uncorrupt views, he was not only grown popular at home, but was personally esteemed by all the princes abroad; and it is a memorable saying of the late King of Spain's of the Earl of Stanhope, "That he would rather have him for his minister than be master of the kingdom of England." When the circumstances of affairs at home, too fresh in every man's memory to be repeated, induced his Majesty to place him at the head of the Treasury, though he served in that capacity for some time, yet he left a small patrimony to his family, scarce sufficient to support the dignity of the peerage. But he has left his son the glory of knowing that he is descended from a father who was never accused of bribery and corruption by any resolution of Parliament; and upon whose memory the most inveterate of his enemies, even those who with the greatest malignity opposed his Majesty's measures when he was in power, would not have been able to cast the least reflection.'¹

In the meantime the Engrafting Bill, as it was called, or to give it the official style, 'A Bill to enable the South Sea Company to engraft part of their capital stock and fund into the stock and fund of the Bank of England, and another part thereof into the stock and fund of the East India Company; and for giving further time for payment to be made by the said South Sea Company for the use of the public,' had been read a first time on February 2, and a second time five days later. On February 13, a petition from the South Sea Company

¹ *True Briton*, February 17, 1724.

was presented to the House, praying for relief in relation to the payments to the nation. Shippen moved its rejection, but Walpole, proposing that it be laid on the table, had his way by 253 to 166 votes. Two days later, Paul Methuen¹ brought a Royal Message to the Commons: 'His Majesty, having received a petition from the Court of the South Sea Company relating to the payment of the money due to the public from the said Company, has thought it fit to transmit the said Petition to the House of Commons; and at the same time to acquaint them that His Majesty has no objection to the Parliament's giving to the South Sea such ease and relief in the time of making the payments due to the public as the House of Commons shall think fit and reasonable.' The House, after taking the Message into consideration, resolved: (i) that payment of the sum of £4,156,306 4s. 11d. due to the public, by virtue of the Act of the last session of Parliament, and made payable within one year, by four quarterly payments, commencing March 25, 1721, be further postponed to the year 1722; and that further provision be made for the more effectual payment thereof; and (ii) that the repayment of the sum of £1,000,000 which was lent to the South Sea Company on June 7, 1720, be postponed to June 7, 1722. Clauses embodying these resolutions were inserted in the Bill, which was sent to the Lords on March 2, and received the Royal Assent on March 23.² It may here be mentioned that the Act, which was only permissive, was never put into execution, in consequence of other arrangements subsequently made.

¹ Paul Methuen (1672-1757), Comptroller of the Household, 1720-1725; K.B., 1725; Treasurer of the Household, 1725-1730.

² 7 George I. c. 5.

The Committee of Secrecy, appointed by the House of Commons to enquire into the transactions of the South Sea Company, sat regularly, and called before them all who could possibly be supposed able to assist in unravelling the tangled skein. The task was long and arduous, but by unremitting attention, Thomas Brodrick, the Chairman, was able on February 16 to place before the House the first Report.¹ The Committee had, indeed, done its work well and thoroughly. The Report, which was read by Brodrick, and the perusal of which took two and a half hours, was a document of which the like has never before or since been presented to a British Parliament. Members, who had been prepared for the revelation of much ill-doing, were almost overwhelmed at the iniquity disclosed. It was far worse than any one, except the culprits, had expected. 'It discloses,' Edward Harley wrote to Lord Oxford, 'the greatest scene of corruption and villainy that ever was plotted in any civilised nation, wherein many members of both Houses are concerned, the principal Ministers of State named, and several ladies at Court, who have had large shares in this inquiry. Mr. Aislabie, Mr. Craggs, Mr. Charles Stanhope² in trust for others, appeared to be the principal actors, to whom the Directors, Mr. Knight, and the Sword-blade Company have been obsequious managers in their respective stations. . . . If the House pursue the game before them with any

¹ There were seven Reports in all. The others were presented on February 25, April 21, May 22, May 26, June 5, and June 16.

² Charles Stanhope (1673-1760), third son of John Stanhope of Elvaston, Derbyshire, and elder brother of William, afterwards first Earl of Harrington; M.P. for Milbourne Port; Under-Secretary of State, 1714-1717; Secretary to the Treasury, 1720-1721; Treasurer of the Chamber, 1721.

steadiness, the Lem Knight¹ is likely to be pickled in South Sea brine. His name is often mentioned in the Report, as a great negotiator in these affairs.'² 'Never was such a set of felons ever got together,' Lord Harley wrote, also to Lord Oxford; adding, 'The new Directors are going to play the same game if they can.'³

The Committee prefaced the Report with the statement that their investigations had been hampered by many difficulties, and that every conceivable obstacle had been placed in the way of their arriving at the truth. Most of the witnesses had been reluctant, many were afraid to speak for fear of incriminating themselves or their fellows, and others were deterred by threats⁴;

¹ Sir George Caswell, M.P. for Leominster.

² February 16; *Portland MSS.*, V., 614.

³ February 18; *Ibid.*, V., 618.

On January 31 it had been announced that the King remained Governor of the South Sea Company, and that Sir John Eyles and John Rudge had been appointed respectively Sub-Governor and Deputy-Governor. On February 2, a clean sweep was made of the old Directors, and the following elected in their place: Thomas Ayles, Sir Thomas Cross, Samuel Clarke, William Brook, Thomas Frederick, Thomas Gearing, Christopher Hayne, Edward Halsey, Edmund Keene, Richard Hopkins, Roger Hudson, Captain Samuel Jones, John Lade, Matthew Lane, Henry Lovell, Benjamin Lethuillier, John Lloyd, Nathaniel Micklethwaite, James Metcalfe, Robert Mitchell, John Nicoll, Captain James Osborne, Thomas Pearce, Samuel Pitt, jr., Matthew Raper, Charles le Bas, Richard Thompson, J. Gerardot de Tillieux, Thomas Willis, Robert Wood. De Cotz, one of the Cashiers of the Bank, succeeded Robert Knight.

⁴ After the reading of the Fifth Report the House of Commons first resolved, 'That Mr. Christopher Clayton, a clerk in the Treasury-office of the South Sea Company, by endeavouring to prevail with Mr. Samuel Watts, another clerk in the said office, by threats and menaces, to suppress the evidence which he was able to give to the Committee of Secrecy, was guilty of

many books had been destroyed or secreted, while of those produced many had fictitious entries or had pages missing here and there. None the less, much of the first importance had been discovered. 'The first matter that offered itself to the consideration of your Committee,' so ran an early passage in the Report, 'was a scene of iniquity and corruption, the discovery of which your Committee conceived to be of the highest importance to the honour of Parliament and the security of His Majesty's Government.' It appeared that many Directors had taken in stock without paying for it, and, selling at an enhanced price, had pocketed the difference. This was bad, and a matter to be severely dealt with, but worse remained to tell. It was shown that when the Bill was before Parliament, the Directors, at a time when they had no more than £25,000 stock reserved for taking in the annuities, had disposed of a fictitious stock of £574,000, which, noted as sold at various prices between £175 and £325 per cent., amounted in all to £1,259,325. This stock was intended to assist in securing support for the Bill, and its distribution was entrusted to those Directors who were in charge of it, Fellowes, Joye, Blunt, Gibbon and Chester. It was impossible, owing to the books having been 'cooked,' to trace the whole of this stock, but there was indisputable evidence that certain persons had been recipients, although they had entered into no mutual agreement or acceptance of the stock, although no money had been deposited, or any security for payment, and consequently could not lose if the stock fell, and would gain if it rose :—

a high crime and misdemeanour,' and then ordered, 'That the said Mr. Christopher Clayton be, for his said offence, committed prisoner to His Majesty's prison of the Gate-House.'

Charles, Earl of Sunderland, First Lord of the Treasury, at the request of James Craggs the elder	} £50,000	(at £170- £180 per cent.)
Duchess of Kendal . . . . .			£10,000	} (at £150 per cent.)
Her two nieces, ¹ each, £5,000	£10,000	} £10,000
Countess of Platen ²	£10,000		} £30,000
James Craggs the elder	£30,000	} (at £250 per cent.)
Charles Stanhope	£10,000		} £50,000
The Sword-blade Company	£50,000	

It was further evident from the books of Sir George Caswell and Co. that Charles Stanhope—although his name had been erased and that of ‘Stangape’ written over the original entry—had received in differences the enormous sum of £250,000. Far worse, because of the high position he held, was the case of Aislabie. His account amounted to no less than £794,451. Against him it was further proved that he had advised the Company to make, by their own authority and without any warrant, the second subscription £1,500,000 instead of £1,000,000 as sanctioned by Parliament. The third subscription showed the following lists: Aislabie, £70,000; Sunderland, £160,000; James Craggs the elder, £659,000; and Charles Stanhope, £47,000. In addition, the pawned stock, on which advances had been

¹ The Duchess of Kendal's two ‘nieces’ were presumedly her two daughters by George I. The elder, Petronella Melusina (b. 1693), created in 1722 Countess of Walsingham, who married Philip Stanhope, fourth Earl of Chesterfield; and Margaret Gertrude (1708–1773), who married the Count von Lippe.

² Countess von Platen (*née* Kielmansegg) was created in 1721 Countess of Leinster in the Irish peerage, and in 1722 Countess of Darlington in the English peerage. The statement, once current, that the lady was the mistress of George I. has been contradicted: she was his half-sister.

made by Knight as Cashier of the Company, when sold, showed a deficiency of £400,000.¹

After a careful consideration of the Report, the House passed the following Resolutions, *nem. con.*:—

‘ 1. That the late Sub-Governor, Deputy-Governor, and Directors of the South Sea Company, and their officers, and their aiders and abettors, in lending out the Company’s money upon stock and subscription, without taking sufficient security for repayment thereof, have been guilty of a notorious breach of trust, and have thereby occasioned great loss to the Company, for which they ought to make satisfaction out of their own estates.

‘ 2. That the selling or disposing of stock or subscriptions transferred or deposited, as a security for the repayment of money so lent, was a notorious breach of the trust reposed in the said Sub-Governor, Deputy-Governor, Directors, and their officers, and a fraud on the proprietors, in order to enrich themselves, for which they ought to make satisfaction out of their own estates.

‘ 3. That the taking in or holding of stock by the South Sea Company for the benefit of any member of either House of Parliament or person concerned in the Administration (during the time that the Company’s proposals, or the Bill thereto relating, were depending on Parliament) without any valuable consideration paid,

¹ ‘ The Directors of the Company do own in conversation, that their Treasurer had no orders to lend upon stock above £400 per cent., but he has lent £700 and upwards to several, and very great sums upon subscriptions, and that must become a dead loss ; for there is no more to be paid in on the subscriptions, as I am told ; and what is paid in already is to be converted into stock.’—Drummond to Daniel Pulteney, November 24, 1720 (*Pulteney Papers*, quoted in Coxe’s *Memoirs of Sir Robert Walpole*, II., 195).

or sufficient security given for the acceptance of, or payment for, such stock; and the Company's paying or allowing such person the difference arising by the advanced price of the stocks, were corrupt, infamous, and dangerous practices, and highly reflecting on the honour and justice of Parliaments, and destructive of his Majesty's Government.

' 4. That any of the Directors of the South Sea Company selling their stock at high prices to the Company or others, at the same time that they gave orders for buying stock upon account of the Company, under pretence of keeping up the nominal value of the said stock, was a scandalous practice, tending to enrich themselves, to the great loss and detriment of the Company and of others of his Majesty's subjects, for which they ought to make satisfaction out of their own estates.

' 5. That the declaring a dividend of thirty per cent. for Christmas last, and not less than fifty per cent. per annum for not less than twelve years after, was an infamous contrivance to give his Majesty's subjects false notions of the value of the said stock, that the late Directors might more easily dispose of their own stock at exorbitant prices.

' 6. That the setting the stock of the South Sea Company to sale by subscriptions at high prices, above the intrinsic value of the same, by the late Sub-Governor, Deputy-Governor, and Directors of the said Company, was a gross and notorious fraud, and has been one great cause of the sinking of the public credit, and bringing upon the nation the distress it at present labours under.

' 7. That the advising of the late Sub-Governor and Directors of the South Sea Company to set the stock of the said Company to sale by subscriptions at high and

extravagant prices, or to declare the high and extravagant dividends for Christmas last and twelve years after by any persons in the Administration was a notorious breach of the trust reposed in them, to the prejudice of his Majesty's Government and the interests of this Kingdom.¹

' 8. That the entry in the cash-book of the South Sea Company of £574,500 stock pretended to be sold for £1,213,575 between the 4th of February, 1719 and the 12th of April following, was contrived with a design to conceal the names of persons, for whose benefit stock was taken in by the said Company.

' 9. That every person for whom stock was taken in or held, such stock being part of the £574,500 pretending to be sold by the South Sea Company, from the 4th day of February to the 12th day of April following, without money paid, or sufficient security given, for the acceptance of, and payment for, such stock, be obliged to pay to the said Company all such sums of money as have been received by way of difference, or otherwise, for such stock taken in or held as aforesaid.

' 10. That the addition of £250,000 to the First Money-Subscription, after it had been declared to be opened for £2,000,000, and the addition of £500,000 to the Second Money-Subscription, after it had been declared to be opened for £1,000,000, were fraudulently contrived to give corrupt advantages to particular persons, and were injurious to public credit.

' 11. That a Bill be brought in for the relief of the unhappy sufferers in the South Sea Company.'

On the day the First Report was read (February 16) James Craggs the younger, who had been Secretary of

¹ The House here adjourned the consideration of the Report until February 21, when it passed the last four Resolutions.

State for the Southern Department sine March, 1718, died of smallpox¹ in the thirty-fifth year of his age. A man of singular ability, he had been foolish enough to become implicated in the South Sea business, though the worst that was proved against him was it was at his instigation that the Duchess of Kendal and Lady Darlington were bribed with presents of stock to use their influence to facilitate the passing of the Bill through Parliament. Pope, who was not given to panegyric, addressed to him an 'Epistle,' in which he praised him to the skies. Indeed, the poet loved him, and, after his death, wrote of him to John Caryll: 'There never lived a more worthy nature, a more disinterested mind, a more open and friendly temper, than Mr. Craggs. A little time I doubt not will clear up a character which the world will learn to value and admire when it has none such remaining in it.' From the political point of view, according to Lord Harley, 'The death of Craggs is not any matter one way or the other, because he was determined to be laid by.'² Yet the loss of its two Secretaries of State was awkward for the Ministry, since at this time it was vital to its existence that it should be at once strong and united.

Pope, who lamented the loss of Craggs, was himself

¹ 'The great debauch which killed Stanhope and Craggs was at the Duke of Newcastle's. They drank excessively of New Tokay, Champagne, Visney, and Barba Water, thirteen hours, it is said.' Lord Harley to the Earl of Oxford, February 18, 1820.—*Portland MSS.*, V., 616.

'Craggs got his death by calling at the gate of Lady March (Sarah Cadogan, afterwards Duchess of Richmond), who was ill of the smallpox; and being told so by the porter, went home directly, fell ill with the same distemper and died.'—Horace Walpole: *Reminiscences*, CXV. (in Vol. I. of Cunningham's edition of Walpole's *Letters*).

² *Portland MSS.*, V., 616.

at one time an investor in South Sea stock. Craggs gave him some South Sea subscriptions, but the poet, though usually a good man of business, neglected to benefit by them. Subsequently he said it was a satisfaction to him that he did not grow rich, as he might have done, by the public calamity.

‘ South Sea Subscriptions take who please,
Leave me but Liberty and Ease,
'Twas what I said to Craggs and Child,
Who prais'd my Modesty and smil'd.’¹

John Gay, too, had a similar present from the same Minister, and at one time could have sold the stock for £20,000. ‘ His friends begged him to realise, if only so much as would enable him to purchase an annuity of £100, but,’ says Dr. Johnson, ‘ he dreamed of dignity and splendour, and could not bear to obstruct his own fortune. . . . This counsel was neglected; the profit and principal were lost, and Gay sunk under the calamity so low that his life became in danger.’² He recovered, however; became a Lottery Commissioner for eleven years, and wrote ‘ The Beggar’s Opera,’ upon which his name and fame principally rests. Yet a third man of letters, Matthew Prior, was interested in the ‘ bubble,’ but his fate was harder than that of his *confrères*. ‘ I am concerned to hear of your losses in that national gulf of destruction, the South Sea,’³ the Earl of Chesterfield⁴ wrote to him; and he himself com-

¹ Pope: *Imitations of Horace*, Book I., Epistle III. One of Pope’s editors says the allusion is to Sir Francis Child, but it is more probable that the allusion is to Stephen Child, at one time a South Sea Director.

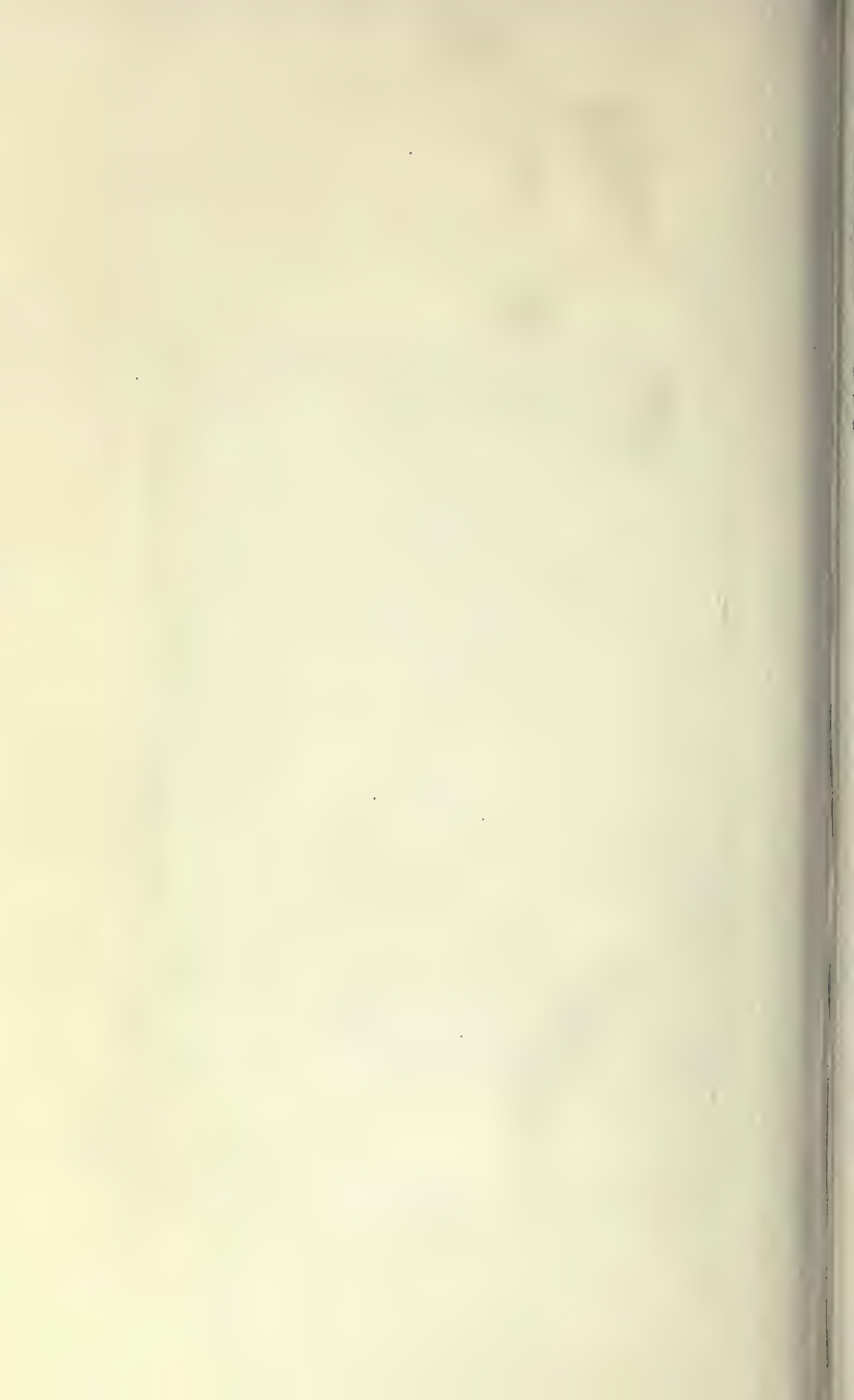
² *Lives of the Poets*, Johnson: *Works* (ed. 1806), X., 240.

³ March 1, 1721; *Bath MSS.*, III., 498.

⁴ Philip Stanhope, third Earl of Chesterfield (d. 1726), father of the author of the famous ‘ Letters.’



JAMES CRAGGS THE YOUNGER
From a portrait by Sir Godfrey Kneller



plained to Swift : ' I am tired of politics, and lost in the South Sea. The roaring of the waves, and the madness of the people, were justly put together. I can send you no news that holds either connection or sense. It is all wilder than St. Anthony's dream.'¹

¹ There is also extant a letter from Prior to the Earl of Oxford, dated Wimpole, December 23, 1720 : ' I am frightened with the roaring of the South Sea, and tired with the madness of the people.'—*Portland MSS.*, V., 611.

CHAPTER X

The Fate of the Directors and their Associates

MARCH-APRIL, 1721

THE second Report of the Committee of Secrecy was presented to the House of Commons on February 25, and it was then agreed that the case of Charles Stanhope should be taken into consideration three days later. The charges against him were two in number: The first, that £10,000 South Sea stock was taken in for his benefit, by Robert Knight, without any valuable consideration; and that the difference arising by the advanced price thereof was paid him out of the cash of the South Sea Company; the second, that Elias Turner and Co. had bought £50,000 stock at a low price of the South Sea Company, in the name and for the benefit of Charles Stanhope, the difference of the advanced price whereof, amounting to £250,000, had been paid to the said Charles Stanhope by Sir George Caswell and Co. For the defence, as regards the first count of the indictment, Sir John Blunt said that he could not be sure that the letter (shown him by Knight purporting to come from Stanhope desiring him to take £10,000 stock for him) was genuine, nor did he know what had become of it; while, as regards the second count, Sawbridge and Turner declared that they had used his name without his knowledge. Stanhope,

speaking from his place in the House, stated that he had given valuable consideration for the £10,000 stock ; while as regards the rest, he could not answer for what had been done without his consent. A motion condemning him was negatived by 180 to 177 votes. ' You have heard of Mr. Stanhope's acquittal by a majority of three, which has put the town in a flame to such a degree as you cannot imagine,' Brodrick wrote to Lord Middleton. ' What consequences it may have I cannot imagine ; these, I think, will be more or less by what shall be done to-morrow, when Mr. Aislabie's case comes on. Lord Stanhope (son to Lord Chesterfield) ¹ carried off a pretty many, by mentioning in the strongest terms the late lord of that name. Between forty and fifty who could not bring themselves to give negatives were, however, persuaded to withdraw before the question. On the other hand, a great many of the affirmatives are gone out of town in the utmost rage, many of them not really displeased at what happened, since it affords but too good a handle for fomenting greater discontent in the country. I own I think it is a very bad piece of policy, for the whole Kingdom are enraged against the South Sea scheme, and not less so against those who support their abettors. . . . You will see by the abstract of the Report that the proof was full as strong as the nature of the thing (Knight being gone) would admit of, and supported by many concurrent circumstances. Sir John Blunt's evidence was to be vilified, for further reasons which you'll easily guess at ; everybody sees through that.' ²

¹ Philip Dormer Stanhope (1694-1773), known as Lord Stanhope, succeeded in 1726, as fourth Earl of Chesterfield, the author of the ' Letters.'

² March 7, 1721 ; *Middleton Papers*, quoted in Coxe : *Memoirs of Sir Robert Walpole*, II., 209.

The state of the public mind was in no whit exaggerated by Brodrick. It was, indeed, so full of fury at the idea of being baulked of its rightful prey, that those at the head of affairs realised that a scapegoat must be found. It is said that Walpole had undertaken to screen Sunderland and the German ladies: there remained, besides the smaller fry, only Aislabie and the elder Craggs. Aislabie, in particular, had always been an object of suspicion, and rumours had long been current as to his share in the fraudulent transactions. 'Edmund Waller, Aislabie's son-in-law, is supposed to have been agent to his father-in-law,'¹ Dr. William Stratford had written to Edward Harley so early as October, 1720. 'He now refunds the money to all who bought subscriptions of him, and is said already to have refunded to the tune of £80,000. I do not well understand the policy of this, and I am afraid it is not only from a sense of probity. I do not know whether it may be a proper method to prevent a prosecution, but I am sure it is a plain confession of guilt.'²

A man of good family and estates, Aislabie had in 1695, at the age of twenty-five, entered Parliament. From 1712 he held minor official posts, and six years later, when Sunderland became First Lord of the Treasury, he accepted the office of Chancellor of the Exchequer. 'He was a man of good understanding, no ill speaker in Parliament, and very capable of business,' Arthur Onslow has described him; 'but dark, and of a cunning that rendered him suspected and low in all men's opinions. His great employments did not raise any regard to his person. He was much set upon

¹ *Portland MSS.*, VII., 280.

² Thomas Harley to the Earl of Oxford, February 17, 1721.—*Portland MSS.*, V., 615.

increasing his fortune, and did that, and to obtain a peerage, which it is said he was promised, but missed by the troubles he fell into for the South Sea transactions. . . . It was thought he was given up at Court, by way of composition, to save my Lord Sunderland, and he, chiefly against Sir Robert Walpole, resented it accordingly as long as he lived.'¹ Aislabie had seen his way to wealth by way of the South Sea Company, whose schemes he had supported, but his methods had been unscrupulous, and when they were disclosed he had to pay the penalty.

The Commons, on March 8, took into consideration those parts of the Reports of the Committee of Secrecy which related to Aislabie. An excellent account of the prolonged sitting of the House on that day has been preserved. 'Yesterday night, half-past twelve, Mr. Aislabie's fate was determined, as you will see by the votes, almost the whole time being taken up in examining numbers of witnesses (late Directors) called by him,' Arthur Brodrick wrote to his brother, Lord Middleton. 'The questions proposed were the same to them all, viz., whether they knew, or had heard, of any fictitious stock taken in, or held for him, or of any stock bought for his use with the Company's money, to every one of which they all answered roundly in the negative, from whence he argued the certainty, and as he expressed himself even to a demonstration of his innocence, for that it was not to be conceived but they must have known the thing. As to the proceedings of the Directors (to whom he gave all the hard names he could think of) his plea was ignorance. To the charges of having great dealings in stock (pending the Bill) he said nothing

¹ *Hist. MSS. Com.*, Report XVI., App. Pt. IX., 507

otherwise than by insinuation, that doing so with his own money, he hoped would not be criminal. His concerting with the Directors taking in the first subscription at £300 per cent. he dropped, not saying one word to the charge; but an incident happened, which gave great disgust to the House. The Second Report takes great notice of dealings in stock between him and Mr. Hawes (formerly his clerk when Treasurer of the Navy),¹ who had informed the Committee that those accounts were finally adjusted in November last, when Mr. Aislabie insisted on having Mr. Hawes's book (of which he had a duplicate) delivered him that no one might see it, which was done accordingly upon his giving Hawes a general release. On Tuesday a motion was made for his laying that book before the House as yesterday, which he opposed, as what the House could not demand, for that it related only to his private account with Hawes, but was overruled by the House, and ordered to bring in the book; wherewith not complying, notice was taken of it in the House. He then desired Mr. Hawes might be examined, who said at the bar that when he delivered up the book, both that and the duplicate (in Mr. Aislabie's hands) were burnt, of which Mr. Hawes made no mention when examined by the Committee, nor did Mr. Aislabie on Tuesday; from whence it was concluded that this was an afterthought, and the books burnt (if at all) *ex post facto*. He had on Tuesday imprudently enough said, that if the Committee should have demanded those books, he would have burnt them before their faces.² The

¹ Aislabie was Treasurer of the Navy from 1714 until March, 1718.

² *Middleton Papers*, quoted in Coxe: *Memoirs of Sir Robert Walpole*, II., 209.

proofs were overwhelming, and Aislabie was declared guilty of the 'most notorious, dangerous, and infamous corruption.' Twelve Resolutions were passed unanimously, the eleventh being, 'That the said John Aislabie, Esq., has encouraged the dangerous and destructive execution of the late South Sea scheme, with a view to his own exorbitant profit, and has combined with the late Directors of the South Sea Company in their pernicious practices, to the detriment of the great numbers of His Majesty's subjects and the ruin of the public credit and trade of this Kingdom.' The last Resolution decreed that he be, for his said offences, expelled this House. He was then committed to the Tower, and it was ordered that an account of his state be taken. In due course this was done, and the particulars submitted to the House, where on June 10 it was warmly debated about the time as to when the forfeiture should relate. Walpole and the Court party were for carrying it only to December, 1719, but it was realised that this would produce little or nothing; whereupon Jekyll proposed to take it back to 1714 when Aislabie was appointed Treasurer of the Navy. Eventually it was decided by 113 to 95 votes that he should retain the property he had on or before March 18, 1718, when he became Chancellor of the Exchequer. He was, therefore, let off lightly, as he was able to preserve the paternal estate of Studley Royal, on which he resided until his death at the age of seventy-one in 1742.

In spite of what Arthur Onslow said as to Aislabie's anger against Walpole, it may be that this was not exactly the case. Certainly again and again Walpole did all he could to lighten the punishment of the fallen Minister, and he spoke more than once in mitigation of penalties to be inflicted upon him. He even risked

some of his regained popularity, when on April 20, on the second reading of the Bill for restraining Aislabie 'from going out of the Kingdom, etc., and for discovering his effects,' he opposed, though in vain, the proposal to consolidate this with the Directors' Bill, urging 'that it would seem hard to put a person of Mr. Aislabie's eminence and distinction on the same level with the Directors, and that such a precedent might be of dangerous consequences.' Indeed, Aislabie himself was at pains to state his gratitude in unmistakable terms. 'I am extremely sensible of your generosity, and am more ashamed of my own follies and mistakes than any severe treatment I might deserve at your hands could make me. Since you have been so good to promise to forget what is passed, I shall not put you in mind of it any further than to return you my most hearty thanks,' he wrote on February 2, 1722. 'I have sent you an account of the King's stock, with all the dividends as they were received by Sir Charles Vernon, to whom the stock was transferred. I have accounted with him this morning, and he has bought the stock that was pawned to him, and paid me the balance, so that at last I have raised as much as will pay the King, and shall have it ready against Monday night, if you please to let me know to whom I must pay it. I have likewise sent you a state of my own account before the judges, by which you will see my estate is not so great as is represented, since I must take all the bad debts to myself. The trustees are both very civil to me, and I am very sensible to whom I owe it. The judges meet on Wednesday next, when the Chief Justice Pratt will be there. If he and Judge Fortescue be well inclined, I hope to make an end of it. The doubt they make at present is, whether £29,000 public money, which was

in Mr. Hawes's hands October, 1718, be part of the effects I had in other people's hands at that time, and which I had invested in stocks some time after all the public money was paid away. As this can scarce be a point, yet being matter of account, they do not take it readily. I beg that you will assist me to make an end of this matter, in such manner as you think proper, that you may see, by making me free, you have made me your creature and your most obliged faithful servant.'¹

When the Directors' Bill went up to the House of Lords, Aislabie made a last effort to retain possession of his ill-gotten gains. He petitioned to be heard by counsel, but his application was refused, Lord Townshend declaring that the late Chancellor of the Exchequer had 'done more mischief than any man in the nation. He was, however, allowed to appear at the bar, and there, speaking in his own defence, he urged that there was not sufficient evidence against him to give ground for inserting his name in the Bill and subjecting him to the penalties enacted by it. He spoke at length, and spoke well, and undoubtedly made the best of his case. He showed that this man's evidence clashed with that man's; that the word of a third party, that party being himself guilty, was untrustworthy; he insisted that he had paid for certain stock; he complained that at the eleventh hour fresh charges were brought against him which he had no opportunity to refute; he denied that his son-in-law, Edmund Waller, had dealt in the stock on his account. He talked all round the matter. He declared that he was bitterly opposed to the South Sea scheme, which he was from the first

¹ *Oxford Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 220.

convinced must prove injurious to the nation ; yet he could not but allow that, when overruled, he, albeit responsible for the finances of the country, instead of resigning, actually advocated it from his place in the House of Commons. He stated categorically that he had not made money out of the South Sea Company ; yet he was unable to explain by what other means he had contrived so greatly to increase his fortune. The Lords listened patiently, and then, *nem. con.*, found that there was sufficient evidence to have his name continued in the Bill.

Two days after Aislachie's case had been considered in the House of Commons, that is on March 2, Sir George Caswell was summoned before that Assembly. The principal charge against him was that he had taken in for himself and his partners, Elias Turner and Jacob Sawbridge, £50,000 of the £574,000 fictitious stock to which reference has already been made, without payment or giving valuable security. Rising in his place, Caswell, in his defence, declared that he had made a lawful bargain for the stock, and had several times offered to pay the value of it, but was put off from time to time by Robert Knight, who told him that he was not at leisure to make up accounts with him and that he had sufficient security in his hands. Although witnesses were called in support of this contention, the House showed its disbelief in the story by finding him guilty by 227 to 92 votes. Then Caswell spoke again, this time in mitigation of sentence. 'I must express my great sorrow,' he said, 'that I have the misfortune to fall under the displeasure of the House, which lies the more heavy upon me because I am not conscious of any crime, unless it be the extraordinary zeal and affection I have shown for the support of the present happy settle-

ment, having assisted the Government with vast sums of money at three per cent. which they could get nowhere else. For the truth of this I appeal to members of the House, who were then Commissioners of the Treasury.' The loans were admitted by William Clayton, an ex-Lord of the Treasury, but it was generally thought that Caswell's guilt so far outweighed his services that he was expelled from the House and committed to the Tower, while the estates of himself and his partners were held liable for the £250,000 profit made out of the illicit transaction.

Possibly Caswell might have been let down more lightly—though in the interests of justice there was no reason for it—but that the country was evincing nothing short of fury at the idea of the projectors of the ruinous scheme escaping. 'The resentment without doors ever since the acquittal of Stanhope has very much contributed to carry matters to this height,'¹ W. Thomas wrote to the Earl of Oxford, concerning Caswell's sentence. The conviction of Aislabie and Caswell somewhat eased the situation. 'It is not to be conceived what satisfaction these two days' work has given, and indeed it is well it so happens, for the rage has grown to such height upon the acquittal of Stanhope, that no man can tell where it would have ended,' Brodrick wrote to Lord Middleton. 'Bonfires were made in the City the day Mr. Aislabie went to the Tower.'² The public feeling was further displayed in a cartoon, entitled 'A Late Member.' By the side of the principal figure was another, dressed as Punch, displaying an empty purse,

¹ March 10, 1721; *Portland MSS.*, V., 617.

² March 11, 1721; *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 212.

and saying, 'This is the service you have done the nation.' Beneath the design were these lines:—

'In this same figure men may plainly see
Th' ambitious author of their miserie ;
Behold his mighty sword, his back, his nose,
All are joint emblems of the nation's foes,
Besides his zany's cap, and snearing grins,
Denote what we have all deserved long since ;
Look at his empty purse, and that alone
Will show how rich our English fools are grown.'

The delight of the nation that some at least of those responsible for its sufferings were being dealt with according to their deserts found expression in the muse of the minor poets.

THE ASS AND THE THISTLE

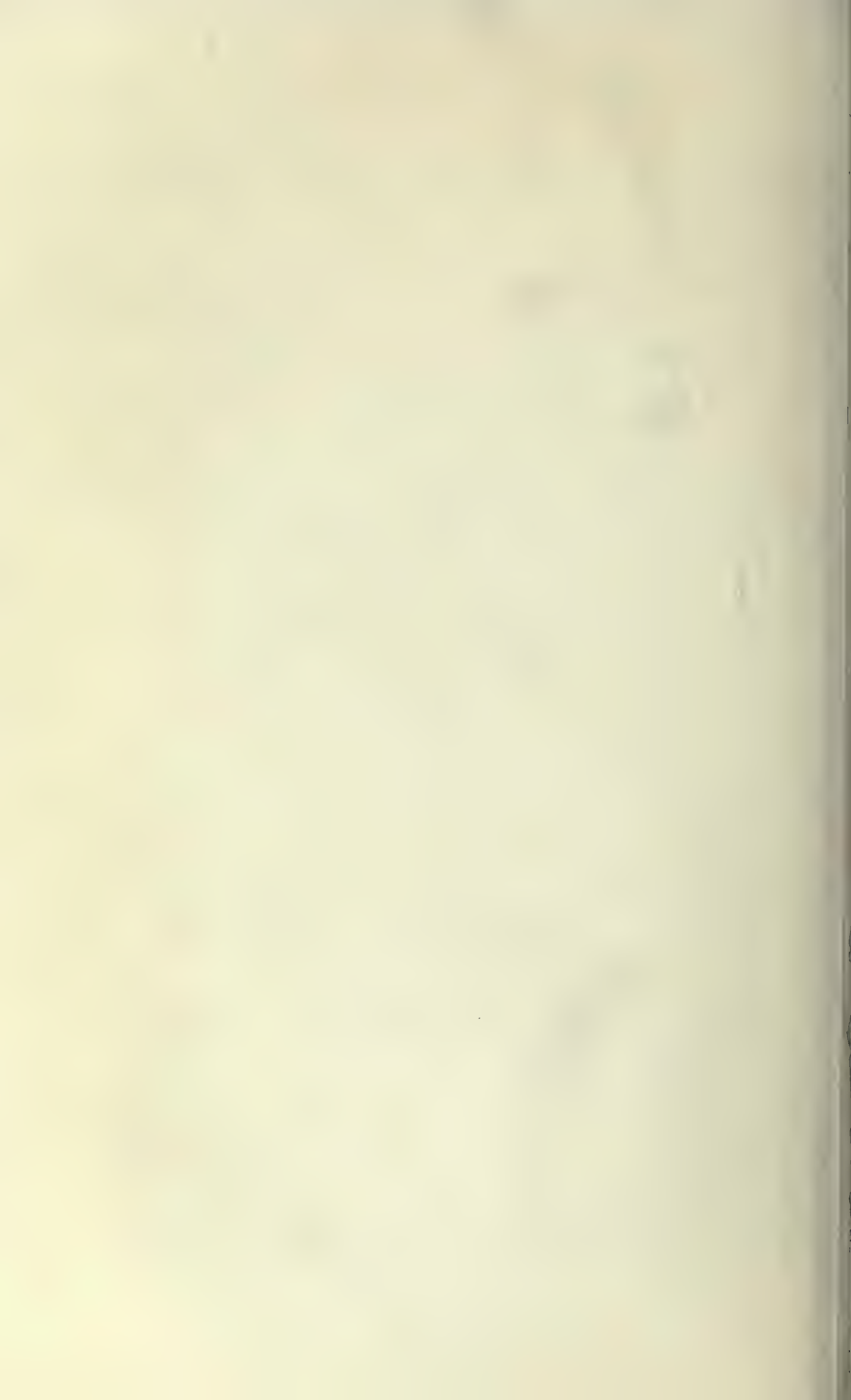
A wise man laugh'd to see an ass
Eat thistles and neglect good grass ;
But had the sage beheld the folly
Of late transacted in Exchange Alley,
He might have seen worse asses there
Give solid gold for empty air,
And sell estates in hopes to double
Their fortunes by some worthless Bubble,
'Till of a sudden all was lost,
That had so many millions cost :
Yes, ruin'd fools are highly pleas'd
To see the knaves that bit 'em squeeze'd,
Forgetting where the money flies,
That cost so many tears and sighs.

At last the House decided to consider that part of the Report which related to the Earl of Sunderland. The excitement was great, for it was known that Walpole would do his utmost to secure the acquittal of the First Lord of the Treasury, and it was also a foregone conclusion that if an acquittal was not secured the Government would topple over like a house of cards. Jekyll, on March 14, moved a resolution, 'That it appears to



CHARLES, THIRD EARL OF SUNDERLAND

From a contemporary print



this House that, after the proposals of the South Sea Company were accepted by the House and a Bill ordered to be brought in thereupon, and before such Bill passed, £50,000 of the capital stock of the South Sea Company was taken in by Robert Knight, late Cashier of the said Company, for the use and upon the account of Charles, Earl of Sunderland, a Lord of Parliament, and First Commissioner of the Treasury, without any valuable consideration paid, or sufficient security given, for payment for, or acceptance of, the same.' The debate was, however, postponed for a day at the instance of Walpole, who stated that it would be necessary for the further information of the House that the several witnesses, who had been examined by the Committee of Secrecy, might be examined at the bar, since possibly they might not come up in every particular whereof they had informed the Committee, or might so far explain their meanings as to give a very different turn from what the words of their examination might possibly import. 'We well foresaw gaining a night was chiefly in view,' Brodrick wrote to Lord Middleton; 'and it had (in my opinion) its effect, for when they came to be examined upon cross questions, every one of them strengthened the Report. Among the rest ordered to attend Sir John Blunt was one; but his Lordship's advocates did not think fit to call him in. The abstract of the Report which you have, will evince the strength of the case, which I own I think fuller proved (and so I said) than any of the three cases which had been under consideration. The defence made was entirely different from what I expected, there being (as I apprehended) no room left for denying the fact, wherefore I concluded the sufficiency of the security (his Lordship's note, sworn to have been shown Sir J. Blunt

by Knight) would have been insisted upon; but that point was given up, and his Lordship's denial of any stock taken, or note given, was the subject of three hours' debate, after all the papers read and witnesses examined. By way of negative proof, Mr. Pelham, brother to the Duke of Newcastle, and Mr. Walpole informed the House that his Lordship had empowered them to declare, that no stock had ever been taken in for him by Knight, or note given, so that the question in truth was neither more nor less than whether we should give credit to that assertion or Sir J. Blunt's oath. A good deal of pains was taken to falsify that oath by asking the witnesses at the bar whether Knight had told them of this stock being taken in in presence and hearing of Sir John Blunt (as he had sworn). They owned Knight's telling them of the stock so taken in for Lord Sunderland. One of them said he was alone when Knight told him of it; two others owned Sir John's being in the room when he told them, but did not believe him within hearing of what Knight said. Such trifling stuff was surely never insisted upon in any other case, and would in any other have been the strongest proof of the case. It was foreseen too well that such a defence was not to be relied upon, and therefore the sheet anchor was Lord Oxford's play. If you come into this vote against Lord Sunderland, the Ministry are blown up, and must, and necessarily will, be succeeded by a Tory one. I really think I never heard anything better debated on the one part, or more weakly on the other; but Sir J. Walker's argument of monosyllable was the best refuge.' ¹

Jekyll proposed the question with, it is stated, 'some

¹ March 16, 1721; *Middleton Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 213.

personal reflections' ¹—'no one,' said another, 'was at once so warm and inveterate as Jekyll' ²—and Sir Thomas Hanmer ³ followed on in attack. Walpole spoke eloquently in defence, only to be reminded by Shippen of what he had said in the previous year against the same person. In the end, after a heated debate, the resolution was negatived by 233 to 172 votes. Walpole and his friends voted for rejection; but it was noticed that the followers of the Prince of Wales, who was in the gallery, divided against Lord Sunderland.

It is impossible, on the evidence that has come down to posterity, to say whether Lord Sunderland was innocent or guilty, though, as a contemporary remarked, 'a 172 was a great number against a Prime Minister.' ⁴ Brodrick certainly thought him guilty, though he believed him less a knave than a dupe of the Directors; but others, whose opinions carry weight, did not agree with him. It is certain that Lord Sunderland held South Sea stock; but Drummond, writing to Daniel Pulteney, states, 'As all Lord Sunderland's friends, by Sir John Blunt's advice, sold out nothing, his Lordship is now glad it is so, for he would not have profited of the public calamity.' ⁵ Others spoke in favour of the Minister. 'As to my Lord Sunderland's case the other day,' Sir

¹ March 16, 1721; Edward Harley to Lord Oxford.—*Portland MSS.*, V., 618.

² March 19, 1721; Edward Harley, junr., to his aunt, Abigail Harley.—*Ibid.*

³ Sir Thomas Hanmer, fourth baronet (1677–1746), M.P. for Suffolk; Speaker of the House of Commons, 1714–1715.

⁴ March 19, 1721; Edward Harley, junr., to Abigail Harley.—*Portland MSS.*, V., 618.

⁵ November 24, 1720; *Pulteney Papers*, quoted in Coxe's *Memoirs of Sir Robert Walpole*, II., 105.

John Vanbrugh¹ wrote to the Earl of Carlisle, 'it is certain there was no sort of proof upon him worth naming, scarce enough even to leave a suspicion, so that the attack has done him service. And yet the clamour runs so high against almost any Minister in power while this vile mistake was made that many think a change would be (or perhaps will be) quite necessary; but where to change is the great difficulty.'² In the same vein Arthur Onslow wrote to the Hon. John Molesworth. 'Notwithstanding my constant voting against the others who have come under our cognisance,' he said, 'I have the highest satisfaction in having given my assent to Lord Sunderland's acquittal. This affair has made a great noise all over Europe, I don't doubt, and you have had, to be sure, large accounts of it from your friends here, whether to his advantage or not, I can't say, but you may depend on this, that if we had condemned him upon that evidence which was before us, we had done the most unjust thing in the world, and what would have made every man, though the most innocent, in danger of censure, should his misfortunes bring him before our tribunal.'³ It must be admitted that to some extent Onslow changed his mind, for, in his 'Anecdotes,' he notes: 'How far he was guilty I will not take upon me to say, because the evidence against him was undoubtedly not so strong as against the others, but the money he left which soon afterwards, upon his death, appeared to have been acquired about this time, did pretty nearly tally to the profit he was charged to have received from the favour of the South Sea Company.'⁴ To put

¹ Sir John Vanbrugh (1664-1726), dramatist and architect.

² *Carlisle MSS.*, 32.

³ May 6, 1721; *MSS. in Various Collections*, VIII., 308.

⁴ *Hist. MSS. Com.*, Report XVI., App. Pt. IX., 508.

against this, there is the statement of his biographer, that neither he nor his immediate friends enriched themselves.¹

It had been proposed that after the case of Lord Sunderland had been dealt with, that of the elder Craggs should be taken, but in the meantime Craggs died. The cause of his death has never definitely been settled. There were rumours that he had taken poison rather than appear before the House, but another account favours the theory of a natural death: 'whether the terror of his approaching trial, or the loss of a beloved son, for whom he had been amassing vast riches, cast a gloom upon his spirit, he died . . . in a lethargick fit.'² Craggs was a wonderful man, and had risen from small beginnings. At the age of twenty-seven, steward to the Duke of Norfolk in 1684, he was presently taken into the household of the Duke of Marlborough, and later became an army clothier, being in 1695 committed to the Tower for refusing to show his books to the commissioner of public accounts. Through the influence of the Duchess of Marlborough, he was given a minor official post in 1702, and for the next eleven years he held various unimportant posts. At the end of 1714 he was appointed Joint-Postmaster-General with Charles, fourth Lord Cornwallis, and from that time he began to amass wealth. 'His office of Postmaster-General obliged him to live in the City, but he resided there rather as a Minister of the Court to govern that body of people with whom he had formerly been much conversant than for the particular duty of his employment, which he regarded much less than the other,' Arthur Onslow has written. 'He was, therefore, the principal

¹ G. Le Gris Norgate in the *Dictionary of National Biography*.

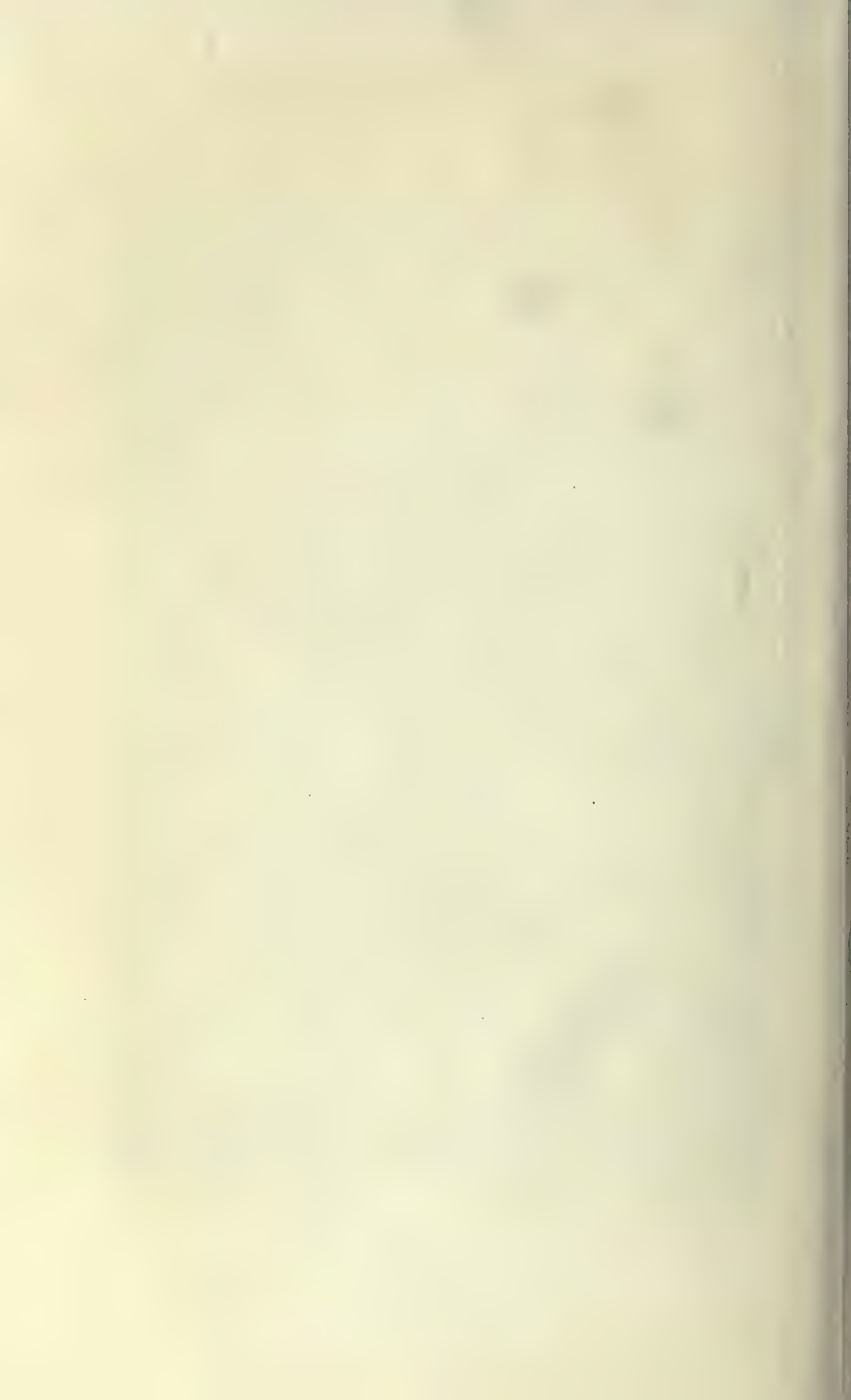
² *Political State of Great Britain*, XXI., 312.

agent for the Administration in the *whole* transaction of the South Sea project, and bore the chief blame for all the iniquity of it, as an accomplice with the leading Director, and, having made an immense gain by the stock, and being a man generally detested, he was soon marked out for a sacrifice to the indignation of the people. His great spirit not brooking this, and knowing the severity, as he called it, of a House of Commons examination, and having just lost his son by the smallpox, he died soon afterwards, not without very strong suspicions of having used violence to himself.¹ Parliament certainly took the view that he was largely responsible for the trouble, since, in spite of the fact that he was dead, the House of Commons, after considering his case on April 28, passed a resolution, 'That James Craggs the elder, Esq., was a notorious accomplice and confederate with the said Robert Knight and some of the late Directors of the South Sea Company, in carrying on their corrupt and scandalous practices, and did by his wicked influence and for his own exorbitant gain promote and encourage the pernicious execution of the late South Sea scheme.' His estate was valued at £1,500,000, and it was ordered that all his gains since December 1, 1719—no inconsiderable amount—should be applied to the relief of the South Sea sufferers.

¹ *Hist. MSS. Com.*, Report XVI., App. IX., 511.



MONUMENT DEDICATED TO POSTERITY. 1720
 From a contemporary print in the Guildhall Library



CHAPTER XI

The Restoration of the Public Credit

MAY-AUGUST, 1721

WHILE the Committee of Secrecy had pursued its investigation with commendable rapidity, and the guilty persons had been arraigned and punished without undue delay, there was all the time a general feeling that the Government had not been moving quickly enough in the matter of granting relief to those who had suffered by the malpractices of the Directors and their associates. The fact was that, for the time being, the whole country was paralysed. 'The South Sea is so hateful a subject one does not love to name it, and yet it does so interfere with almost everybody's affairs more or less, that all they have to do is in some degree governed by it,' Sir John Vanbrugh wrote to Lord Carlisle. 'Even I, who have not gained at all, shall probably be a loser near £2,000. I would, however, fain see an end on it before I come away if I could; for when I know the worst of anything I can make myself tolerably easy. But I'm afraid the Parliament will be forced to sit on a great while before they can agree to settle anything. And what new work Knight may start, if they get him to them, God knows. But I take it for granted, if he is like to tell them half so much as they have a mind he should do, they'll never have his

company.’¹ It is true that the Engrafting Bill had received the Royal Assent in March, but even if it had been put into operation it would have provided only a partial remedy. The way for progress had now been made more easy by the retirement of Lord Sunderland, and by the appointment on April 3 of Walpole as First Lord of the Treasury and Chancellor of the Exchequer. Though few had wished Lord Sunderland to retain office, the new Prime Minister was not acceptable to all. ‘If your Lordship has the *Weekly London Journal*, you see with what a bitterness the Ministers are followed,’ Sir John Vanbrugh wrote to Lord Carlisle, April 22. ‘And few people seem much disturbed at that paper, though I believe it would be hard for them to say where they could change to any purpose. My Lord Molesworth is reckoned the chief author of the *Journal*.’²

The matter of the South Sea Company was re-opened in the Commons on April 25 by William Shippen, who all along had been much to the fore in discussions on the proceedings. ‘The House has sat a long while, and nothing yet has been done towards the restoring of public credit,’ he complained. ‘Indeed, a member of great parts and ability [Walpole] did at first propose a scheme for that purpose, but instead of providing an effectual remedy, it appeared at last to be a mere palliative, which has rather inflamed than alleviated the disasters.’ Walpole did not sit quiet under the attack. ‘It is known to everybody,’ he declared, ‘that I have ever been against the South Sea scheme, and did all that lay in my power to prevent its taking place; but now the mischief has been done, and things are brought to an extremity, I think it my duty, and therefore am

¹ March 25, 1721; *Carlisle MSS.*, 32.

² *Ibid.*, 33.

willing to try the best method I can think of, to extricate the nation out of the difficulties into which it is plunged. I do not pretend to work miracles, but only to use my utmost endeavours towards retrieving the late misfortunes. With this honest intention I promoted a scheme that had been laid before me, and appeared the most plausible of any then proposed to restoring public credit. It cannot be denied that while this scheme was pursued, it did some good and kept up the price of stocks ; and that they have fallen since it was laid aside ; but I never intended to raise stock above the intrinsic value, for that would bring us again into the same unhappy circumstances which the raising of them occasioned.' He then struck a blow at some of his opponents by expressing regret that there were some persons who, instead of endeavouring to do what was possible to mitigate the anger of the public, were using all means in their power to irritate and exasperate the minds of the people. On May 2, to which date the debate had been adjourned, Shippen caused a great sensation by making a comparison between the Duchess of Kendal, who had had a considerable quantity of South Sea stock given her, and Alice Pearce, the mistress of Edward III., who, having made a breach between the King and the Black Prince, was twice removed from the Court by the interposition and solicitation of the then Speaker of the House of Commons. This, however, was merely a side issue, and William Sloper brought the matter again within the realms of practical politics by reiterating the statement, now so familiar, that one of the principal causes of the ruin of public credit was the fraudulent dealings of the South Sea Directors with the proprietors of the public debts and with the money-subscribers. A more practical step was taken by

James Milner, who moved that the £7,000,000 due to the Company from the nation be remitted. This project had already been mooted, and in many quarters it was found objectionable. 'The remission of the seven millions is too hard for my philosophy, and puts me out of all patience. What ado is made about half a dozen! What shall we get by their being hanged, if we must pay seven millions for the ropes? It is surely such a thing as never was mentioned before in a free nation, to give seven millions out of the pockets of innocent people to increase the gains of these rogues, who have cheated you of twice as many more. Were I on the stocks, for my own interest I should not desire it. It will be a just reason for those who are injured by it, to sink the stocks themselves if ever they have a juncture for it,'¹ Dr. William Stratford had written to Edward Harley on February 14; and on May 2 Edward Harley had written to Lord Oxford: 'In the House of Commons they have given up the seven millions belonging to the public to the S.S. sufferers, and so new schemes are to be settled for establishing credit, which is sunk into so deep a consumption that even asses milk it is thought will not retrieve it.'² Milner's motion, however, in spite of opposition was approved by 221 to 194 votes. Two days later, however, William Yonge³ moved that £5,000,000 be remitted, and the remaining £2,000,000 be reserved towards the liquidation of the National Debt. This, though opposed by Walpole, was agreed; but, it may here be mentioned,

¹ *Portland MSS.*, VII., 290.

² *Portland MSS.*, V., 621.

³ William Yonge (d. 1755), M.P. for Honiton; K.B., 1725; succeeded his father as (fourth) baronet; Secretary-at-War, 1735.

ultimately, the £2,000,000 was, on the appeal of the stockholders, by subsequent Acts, divided amongst them in 1731 and 1732.

By a resolution of the House of Commons a valuation of the estates of the South Sea Directors had been taken. The Committee charged with this difficult task made its report on April 17, when it announced the value to be £2,014,123, which was far less than was expected. There can, indeed, be no doubt that the Directors did not disclose all their effects. 'We have been much baulked in our expectations of what the estates of the late Directors would produce,' Arthur Onslow wrote to the Hon. John Molesworth. 'We talked very currently of eight or ten millions, but they come out to be only about two millions, and the estates of the other criminals, which we shall confiscate, will not, I fear, make above a million more at the most.'¹ As it was not the intention of the Commons to reduce the Directors, most of whom were elderly men, to absolute penury, the House devoted its attention to deciding what allowances should be made. One member proposed that an eighth part should be restored, but to this it was objected, that it would be too much for some who had the greatest estates and consequently had been most deeply guilty, and too little for others who had but small estates, and were only passively criminal by not having dissented to the fraudulent management of the rest. Eventually each case was decided on its merits, the grants amounted to £354,600, or nearly one-sixth of the estates. The matter occupied the House during several sittings, and there was a battle royal on May 25 about Sir John Blunt. 'The Court voted against him, Laurence Carter moved that he should have but a shilling,'

¹ May 6, 1721; *MSS. in Various Collections*, VIII., 308.

Edward Harley, junr., wrote to Abigail Harley. 'Walpole said that he was the projector of this baneful scheme, that his informations were only whispers and hearsays, and that as he had been the chief contriver and manager, he should have the greater punishment. To this Shippen said that he was no advocate for Blunt, who had been recommended to the favour of the House by the Secret Committee for the light he had given them, but that now he perceived that the discoveries Sir John had made were his greatest crimes, and therefore he was to be made an example to deter the other Directors from telling what they knew. . . . After a long struggle £1,000 was allowed Blunt; the others have more.'¹

The following table shows the estates of the Directors, and the allowances granted in each case:—

	Estates. ² £	Allowances. £
Sir John Fellowes, Bt., Sub-Governor	243,096	10,000
Charles Joye, Deputy-Governor	40,105	5,000
William Astell	27,750	5,000
Sir Lambert Blackwell	83,529	10,000
Sir John Blunt	183,349	1,000
Sir Robert Chaplin, Bart.	39,161	10,000
Sir William Chapman	39,161	10,000
Robert Chester	140,372	10,000
Stephen Child	52,437	10,000
Peter Delaporte	17,151	10,000
Francis Eyles	34,329	20,000
James Edmondson	5,365	3,000
Edward Gibbon	106,543	10,000
John Gore	38,936	20,000
Sir William Hammond.	22,707	10,000
Francis Hawes	40,031	31
Richard Horsey	19,962	10,000
Robert Houlditch	39,527	5,000
Sir Theodore Janssen, Bart.	243,244	50,000

¹ May 30, 1721; *Portland MSS.*, V., 622.

² Shillings and pence have been disregarded in compiling this list. The total amount of the estates was £2,014,123.

	Estates. £	Allowances. £
Sir Jacob Jacobsen.	11,481	11,000
Arthur Ingram	10,795	12,000
Sir John Lambert, Bart.	72,508	5,000
Sir Harcourt Master	11,814	5,000
William Morley	1,869	1,800
Ambrose Page	34,817	10,000
Colonel Hugh Raymond	64,375	30,000
Samuel Read, Junr.	117,297	10,000
Thomas Reynolds	18,368	14,000
Jacob Sawbridge	77,254	5,000
William Tillard	19,175	15,000
John Turner	881	800
Robert Surnam, Deputy-Cashier	121,321	5,000
John Grigsby, Accountant	81,687	2,000 ¹

Diametrically opposite views have been taken as to the action of the House of Commons. 'After all the pains that have been taken to detect the villainies of the Directors and their friends,' St. John Brodrick² wrote to Lord Middleton, May 24, 1721, 'I am afraid they will at last slip through their fingers, and that nothing further will be done as to confiscation, hanging, etc. There certainly is a majority in the House of Commons that are willing to do themselves and the Kingdom justice; but they act so little in concert together that they are constantly baffled by a set of men whom guilt, money, etc., have linked in the closest bonds. It is impossible to tell you of what infinite consequence the absence of a friend of yours³ is at this time, and how uneasy the generality of mankind is

¹ The Directors' estates were valued at £2,014,123, and the allowances granted amounted to £354,600, leaving for the relief of the sufferers, £1,569,523. To this sum must be added the amounts taken from the estates of Aislabie, James Craggs the elder, and Caswell and Co.

² St. John Brodrick, M.P. for Beeralston.

³ Thomas Brodrick, Chairman of the Committee of Secrecy, who was absent owing to illness.

at it. He is, without compliment, the spring that gives motion to the whole body ; and the only man that can or will set matters in a true light, and expose and baffle the schemes of the screen, etc.’¹ A very different opinion was set forth more than forty years later by Edward Gibbon, the historian, whose grandfather was sadly implicated in the affair, and of whom he wrote : ‘ His fortune was overwhelmed in the shipwreck of the year 1720, and the labours of thirty years were blasted in a single day. Of the use or abuse of the South Sea scheme, of the guilt or innocence of my grandfather and his brother directors, I am neither a competent nor a disinterested judge. Yet the equity of modern times must condemn the violent and arbitrary proceedings, which would have disgraced the cause of justice, and would render injustice still more odious. No sooner had the nation awakened from its golden dream than a popular and even a Parliamentary clamour demanded their victims : but it was acknowledged on all sides that the South Sea Directors, however guilty, could not be touched by any of the laws of the land. The speech of Lord Molesworth, the author of “ The State of Denmark,” may show the temper, or rather the intemperance, of the House of Commons. “ Extraordinary crimes ” (exclaimed the ardent Whig) “ call aloud for extraordinary remedies. The Roman lawgivers had not foreseen the possible existence of a parricide : but as soon as the first monster appeared he was sewn into a sack, and cast headlong into the river ; and I shall be content to inflict the same treatment on the authors of our present ruin.”² His motion was not literally

¹ *Middleton Papers*, quoted in *Coxe’s Memoirs of Sir Robert Walpole*, II., 216.

² See *ante*.

adopted ; but a bill of pain and penalties was introduced, a retroactive statute, to punish the offences, which did not exist at the time they were committed. Such a pernicious violation of liberty and law can be excused only by the most imperious necessity ; nor could it be defended on this occasion by the plea of impending danger or useful example. The Legislation restrained the persons of the Directors, imposed an exorbitant security for their appearance, and marked their characters with a previous note of ignominy : they were compelled to deliver, upon oath, the strict value of their estates ; and were disabled from making any transfer or alienation of any part of their property. Against a bill of pains and penalties it is the common right of every subject to be heard by his counsel at the bar : they prayed to be heard ; their prayer was refused, and their oppressors, who required no evidence, would listen to no defence. It had been at first proposed that one-eighth of their respective estates should be allowed for the future support of the Directors ; but it was speciously urged, that in the various shades of opulence and guilt such a proportion would be too light for many, and for some might possibly be too heavy. The character and conduct of each man were separately weighed ; but, instead of the calm solemnity of a judicial enquiry, the fortune and honour of three-and-thirty Englishmen were made the topic of hasty conversation, the sport of a lawless majority ; and the basest member of the Committee, by a malicious word or a silent vote, might indulge his general spleen and personal animosity. Injury was aggravated by insult, and insult was embittered by pleasantry. Allowances of twenty pounds, or one shilling, were facetiously moved. A vague report that a Director had formerly

been concerned in *another* project, by which some unknown persons had lost their money, was admitted as a proof of his actual guilt. One man was ruined because he had dropped a foolish speech, that his horses should feed upon gold ; another because he was grown so proud that, one day at the Treasury, he had refused a civil answer to persons much above him. All were condemned, absent and unheard, in arbitrary fines and forfeitures, which swept away the greatest part of their substance.' ¹

Into the further question which Gibbon raised, whether the parliament then sitting was the true and legal representative of the country because it derived from itself, and not from the people, the right to extend its life from three to seven years, is an academic problem which need not here be discussed.² Nor, indeed, would it be necessary to examine the other statements, did they not emanate from a person so famous as the author of 'The Decline and Fall of the Roman Empire.' It was natural that Gibbon should feel strongly on the subject, but few will be deceived by his special pleading. It may at once be admitted that throughout the country there was a clamour for the punishment of the offenders, but this in itself was not reprehensible ; and it is not to be denied that a special Act was passed for that purpose. Further, it is true that one member complained of the insolence of Blunt, and another avowed that this Director had been concerned with another 'bubble' company ; and that a third, stating that the Company's Accountant had declared he would feed his horses with gold, humorously moved that the culprit

¹ Edward Gibbon the elder survived until 1786, when he had realised another very considerable fortune.

² The Septennial Act was passed in 1716.

should be allowed as much gold as he could eat, and that the rest of his estate should go towards the relief of the sufferers. All these things are trifles. Gibbon, however, as has already been shown, makes a serious misstatement when he says that the Directors were condemned, absent and unheard. On their trial, they were examined, cross-examined, and permitted to put forward their defence. Only when they were found guilty and the question of their punishment was being discussed were they 'absent and unheard,' it not being the custom to invite the criminal to assist in deciding the penalties that shall be inflicted upon him. The one important point—and to that Gibbon scarcely alludes—is that the Directors were guilty. The other is that the punishment meted out to them was singularly light: instead of being awarded a long term of imprisonment, only heavy fines (the greater part of which was paid out of the illicit gains) were inflicted. A study of the list of allowances shows very clearly that while the Commons were aware that by law all the Directors were equally responsible, they realised that they were not all equally culpable, and differentiated between them accordingly. Apparently they deemed Delaporte, Eyles, Gore, Horsey, Ingram, Morley, Reynolds, Tillard, and Turner guilty at worst of carelessness; and since they allowed Janssen to retain £50,000, or twenty per cent. of his fortune, and Raymond £30,000, or fifty per cent. of his, they clearly did not rank them among the worst offenders. Fellowes, Lambert, Sawbridge, and the two officers of the Company were in their eyes very guilty; and so was Gibbon, who, having had business experience at home and abroad and having been for four years a Commissioner of Customs, could certainly not plead that he had erred through ignorance

of affairs. What they thought of Blunt may be deduced from the fact that when on April 24 he sent a petition in which he declared his innocence, it 'rather moved the laughter than the compassion of the House'¹: they contemptuously flung him £1,000. It is obvious that they regarded Hawes, not only as a prime mover in the swindle, but also as especially unscrupulous, since, with something of cynicism, perhaps not ill-befitting the occasion, they allowed him to retain the odd £31 of an estate valued at £40,031.

There was great jubilation in many circles that after all the Directors and their associates had not entirely managed to evade punishment for their misdoings, and there was a certain malicious and very natural delight that some of those who, for their own ends, had ruined so many families, were themselves reduced to penury.

THE JAIL-BIRD.

Behold a poor dejected wretch,
 Who kept a S.-Sea coach of late,
 But now is glad to humbly catch
 A penny at the prison gate.

'Tis strange one set of knaves should sour
 A nation fam'd for wealth and wit,
 But stranger still that men in power
 Should give a sanction to the cheat.

What ruin'd numbers daily mourn
 Their groundless hopes and follies past,
 Yet see not how the tables turn
 Or where their money flies at last.

Fools lost when the Directors won ;
 But now the poor Directors loose,
 And where the S.-Sea stock will run
 Old Nick, the first projector, knows.

¹ *Political State of Great Britain*, XXI., 448.

The South Sea Sufferers' Bill¹ passed the Lords on July 25, and received the Royal Assent four days later, when Parliament was prorogued. On July 31, however, a special session was inaugurated for the 'sole purpose of resuming the consideration of the state of public credit.' 'The progress which you have made in this affair during the last session laid such a foundation of this necessary work, that the world is fully apprised of what is reasonably to be hoped for at the present conjuncture,' the King said to the Commons; and, addressing both Houses, added, 'I must recommend to you all possible dispatch, and am persuaded at this season of the year your deliberation will be confined to what is absolutely necessary upon this extraordinary occasion.' On the same day the Commons passed the following Resolutions:—

'1. That for the re-establishment of public credit, relief be given to the South Sea Company with regard to the payment of £4,156,306-4-11 and the four and a half years' purchase, and one year's purchase, upon several annuities and other national debts, the said Company giving such consideration to the public, and such further relief to the several proprietors and persons concerned in interest with the said Company, as this House shall think proper.

¹ An Act for raising money upon the estates of the late Sub-Governor, Deputy-Governor, Directors, Cashier, Deputy-Cashier, and Accountant of the South Sea Company, and of John Aislable, Esq., and likewise of James Craggs, senior, Esq., deceased, towards making good the great loss and damage sustained by the said Company; and for disabling such of the said persons as are living to hold any office or place of trust under the Crown, or to sit or vote in Parliament for the future; and for other purposes in the said Act expressed.—7 Geo. I., c. 2, 8.

' 2. That for the re-establishing of the public credit, and quieting the minds of his Majesty's subjects, the several properties and interests now depending, and concerned with the South Sea Company be ascertained and settled.

' 3. That in order to put an end to all disputes between the South Sea Company and the proprietors of the redeemable funds subscribed into the said Company, and for the further relief of the said proprietors, and the proprietors of the Second, Third, and Fourth Money-Subscriptions, who have now stock allowed them at the rate of £400 per cent., with the last Midsummer dividend of ten per cent. in stock, in addition after the rate of £35-6-8 stock upon every £100 stock already allowed, be given by the South Sea Company to the proprietors of the said redeemable funds, and to the proprietors of the Second, Third, and Fourth Money-Subscriptions.

' 4. That the sum of £4,156,341 with the four years and a half year's and the one year's purchase, payable to the public by the South Sea Company be remitted, so as from June 24, 1722, £2,000,000 of the capital stock of the said Company be reduced and annihilated, and a proportionable part of their annuity or yearly fund, in respect of the said £2,000,000 from that time cease.

' 5. That the Second Subscription of the irredeemables, as well the Long Annuities as the Nine-per-cent., Prize Lottery Tickets, and Blank Lottery Tickets, be made equal to the First Subscription of the like annuities and tickets, by an addition of stock at £150 per cent.

' 6. That all the capital South Sea stock belonging to the Company in their own right, which, after the proposed disposition made, shall remain undisposed of,

be divided among all the proprietors of the said Company, in proportion to their several and respective interests therein, and that credit be given them for the same in the books of the said Company.

' 7. That such persons as have borrowed money from the South Sea Company upon South Sea stock, actually transferred and pledged at the time of borrowing, to or for the use of the South Sea Company, shall, upon payment of ten per cent. upon the respective sums so borrowed, at a time or times to be limited, and not otherwise, be discharged from all further demands of the said Company in respect of the monies so borrowed ; and that all the stock so transferred and pledged, together with all dividends and profits thereto belonging respectively be absolutely vested in the said Company.

' 8. That such persons as have borrowed money from the South Sea Company upon subscription receipts actually pledged to the said Company at the time of borrowing, shall, upon payment of ten per cent. upon the respective sums so borrowed, at a time or times to be limited, and not otherwise, be discharged all further demands in respect of the monies so borrowed ; and that all the subscription receipts so pledged, together with all dividends and profits thereunto belonging, be absolutely vested in the said Company.

' 9. That all contracts for the sale or purchase of subscriptions or stock of the South Sea Company or any other company or corporation, or pretended company or corporation, which shall be unperformed, or not compounded on or before September 29 next, be entered in books to be kept for that purpose, by the respective companies or corporations before November 1 next, or else to be void ; and that such entries shall express for whose use and benefit such contracts were made.

' 10. That no special bail be required in any action brought, or to be brought, upon any contract made since December 1, 1719, and before December 1, 1720, for the sale or purchase of any subscription or stock of the South Sea Company, or any other company or corporation, or pretended company or corporation.

' 11. That no execution be awarded upon any judgment obtained, or to be obtained, in any action brought, or to be brought, upon any contract for the sale or purchase of any subscription or stock of the South Sea Company, or any other company or corporation, or pretended company or corporation, until the end of the session of Parliament, which shall be next after September 29 next.

' 12. That all the contracts for the sale or purchase of any subscription or stock of the South Sea Company, or any other company or corporation, which shall be unperformed or not compounded, on or before September 29 next, where the seller, or the person on whose behalf such contract was made, was not at the time of such contract, or within a time to be limited, actually possessed of or entitled to such subscription or stock, shall be declared null and void.'

On the next day (August 1), William Loundes¹ brought in, based upon these resolutions, a 'Bill for making several provisions to restore the public credit, which suffers by the frauds and mismanagements of the late Directors of the South Sea Company and others,' and it was read a first time. There was a disposition in some quarters to oppose the Bill, and amongst those who objected to it were many of the proprietors of the public debts who had subscribed their annuities for

¹ William Loundes (1652-1724), M.P. for St. Mawes, Secretary to the Treasury.

South Sea stock. These drew up a petition, which was presented to the Commons, and supported by Sir John Ward and Sir Gilbert Heathcote, who spoke in support of it; but Walpole declined to consider it, declaring that he did not see how the petitioners could be relieved, since the Resolutions on which the Bill was founded had been approved by the King and Council, and had been agreed to by a great majority of the House, and that, further, they had given their word of honour to the members who had gone into the country that they would not alter a tittle in them. The Bill was then read a second time and committed. Several hundred subscribers had gathered in the lobby and within the precincts of the House, crying that they were being unfairly treated, and distributing papers bearing the words: 'Pray do justice to the annuitants who lent their money on Parliamentary security.' So great was the tumult that, the attendants reporting themselves powerless, the Speaker commanded the attendance of the Justices of the Peace for the City of Westminster and of the constables. Not until the magistrates had twice read the Riot Act could the unruly crowd be persuaded to disperse. The Bill was read a third time on August 4, and six days later it passed the Lords and received the Royal Assent. Parliament was prorogued immediately. 'The common calamity, occasioned by the wicked execution of the South Sea scheme,' so ran a passage in the Speech from the Throne, 'was become so very great before your meeting, that the providing proper remedies for it was very difficult; but it is a great comfort to me to observe that public credit now begins to recover; which gives me the greatest hopes that it will be entirely restored when all the provisions you have made for that end shall be duly put in execu-

tion. I have great compassion for the suffering of the innocent, and a just indignation against the guilty; and have readily given my assent to such Bills as you have presented to me for punishing the authors of our late misfortunes, and for obtaining the restitution and satisfaction due to those who have been injured by them, in such manner as you judged proper. I was, at the same time, willing and desirous, by my free and general pardon, to give ease and quiet to the rest of my subjects, many of whom may, in such a general infatuation, have been unwarily drawn in to transgress the laws.'

L'ENVOI

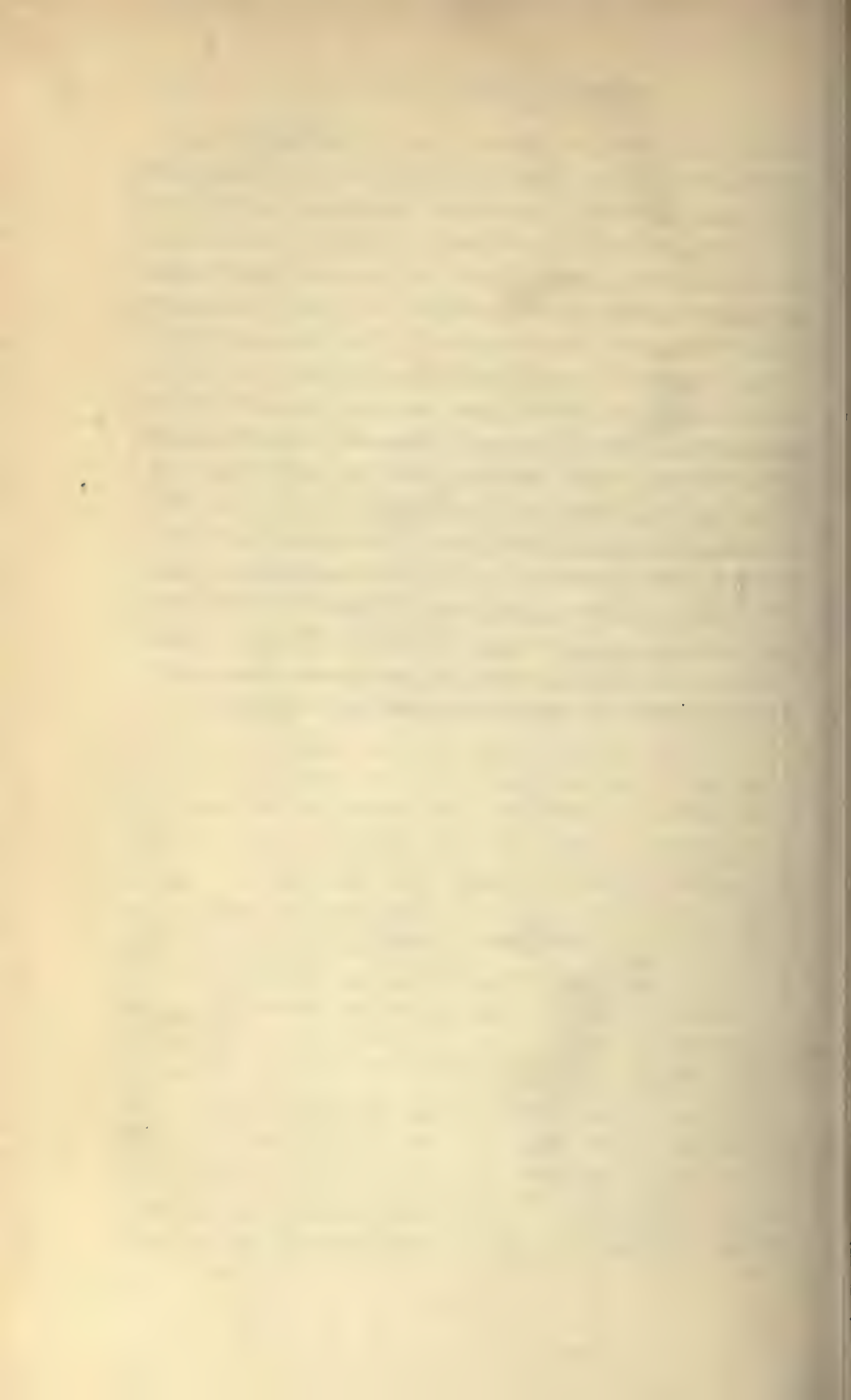
WITH the punishment of the Directors and their associates, and the enacting of measures to restore the public credit, the history of the South Sea Bubble comes to an end. It has been suggested that Lord Sunderland willingly fell in with the general wish that Walpole should take charge of the proceedings in connection with the Company, feeling sure that he must fail, and that such failure would transfer to the Paymaster the odium attaching to the Ministry¹; but, whether this was so or not, Walpole carried the business through with great success. This is not to say, however, that every one was satisfied with the result. Many thought the Directors were treated too leniently, and others were convinced that insufficient relief had been given to the sufferers. As, however, nothing short of hanging the Directors would have pleased the one party, and nothing less than the replacing all the money lost in the venture would have pleased the other, and as these courses obviously did not come within the realm of practical politics, Walpole devoted all his skill, his energy, and his perseverance in the attempt to discover the happy mean. Impartial observers to-day will probably agree that, take it for all in all, he did the best that could be effected in the true interests of the country.

¹ See John Lord Hervey: *Memoirs* (ed. 1884), I., 43.

The South Sea Company survived for many decades after the catastrophe which threatened its very existence. Its efforts to establish itself as a trading company were, however, singularly unfortunate. For the Greenland Whale Fishery fitted out in 1728 twenty-three ships, which returned with only the blubber and fins of eighteen whales. Four years later a fleet of twenty-one ships brought back twenty-four whales, and this, like the earlier expedition was, as the chronicler put it, 'undoubtedly a losing voyage.' From 1724 to 1732 its expenditure on the fishery was £262,390, its receipt from this source during the same period, £84,390; so that its loss, exclusive of interest on the money invested in the trade during the eight years was no less than £177,782. It decided, therefore, to retire from this business, which, however, it must be added, other adventurers found profitable.

Nor was the Company more successful in other directions. It declared that in 1734 during the last ten years its *assiento* trade had resulted only in an average profit of £3,226, which was quite out of all proportion to the capital invested and the ordinary risks undertaken. Its trading with America was no whit more satisfactory. Its ships were, on one pretext or another, held up by the Spanish Government, and it had great trouble with its agents, who indulged largely and to their exceeding profit, in clandestine trade, to the detriment of their employers. In 1730 the *Prince Frederick* arrived in the Thames with 400,000 dollars or pieces of eight, in specie, 190,000 lb. of cochineal, 47,000 lb. of indigo, and 167 tons of logwood. The cargo was valued at £350,000, but the profit on the venture was swallowed up by the heavy expenses incidental upon the long detention of the ship at Vera

Cruz and by the malversation of the Company's supercargoes and factors. In the same year it loaded the *Royal Caroline* with a very rich cargo for the fair of Porto-Bello, but the Spanish Court delayed to send the licence until its own galleons had sailed from Cadiz. The *Royal Caroline* did eventually sail, but on its return it was detained at Vera Cruz. It, too, brought back, in 1733, a cargo of pieces of eight, cochineal, and indigo, and it made a profit of £70,000, almost the only profitable venture of the Company. This was the last annual ship sent out. The Company sought permission to obtain certain terms from the Spanish Government for the surrender of its privileges. The matter, however, was not definitely arranged until 1748, within five years of the lapsing of the arrangement made in 1713 for a period of forty years. The South Sea Company then ceased to be a trading body, and eventually its remaining stock was converted into annuity stock.



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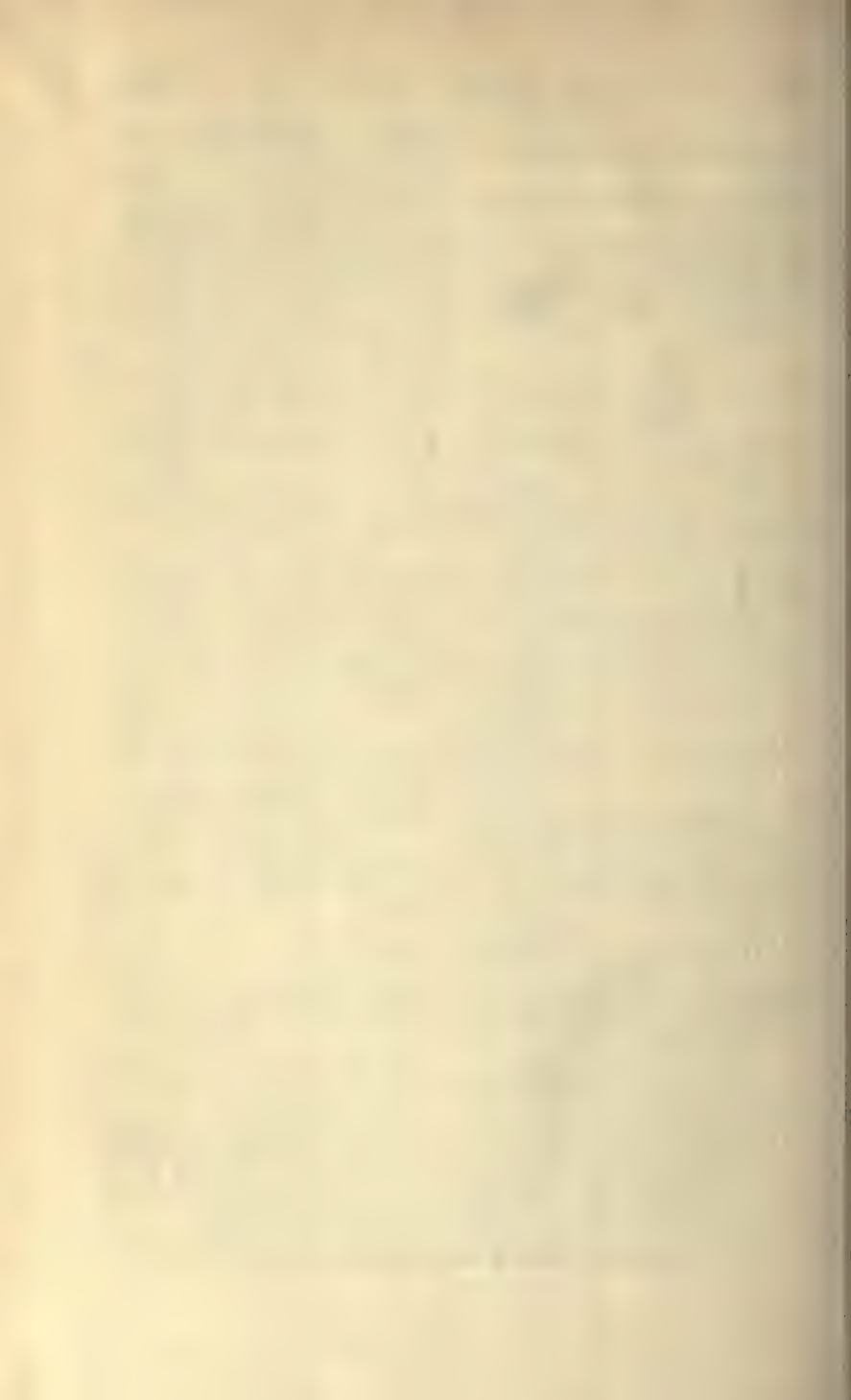
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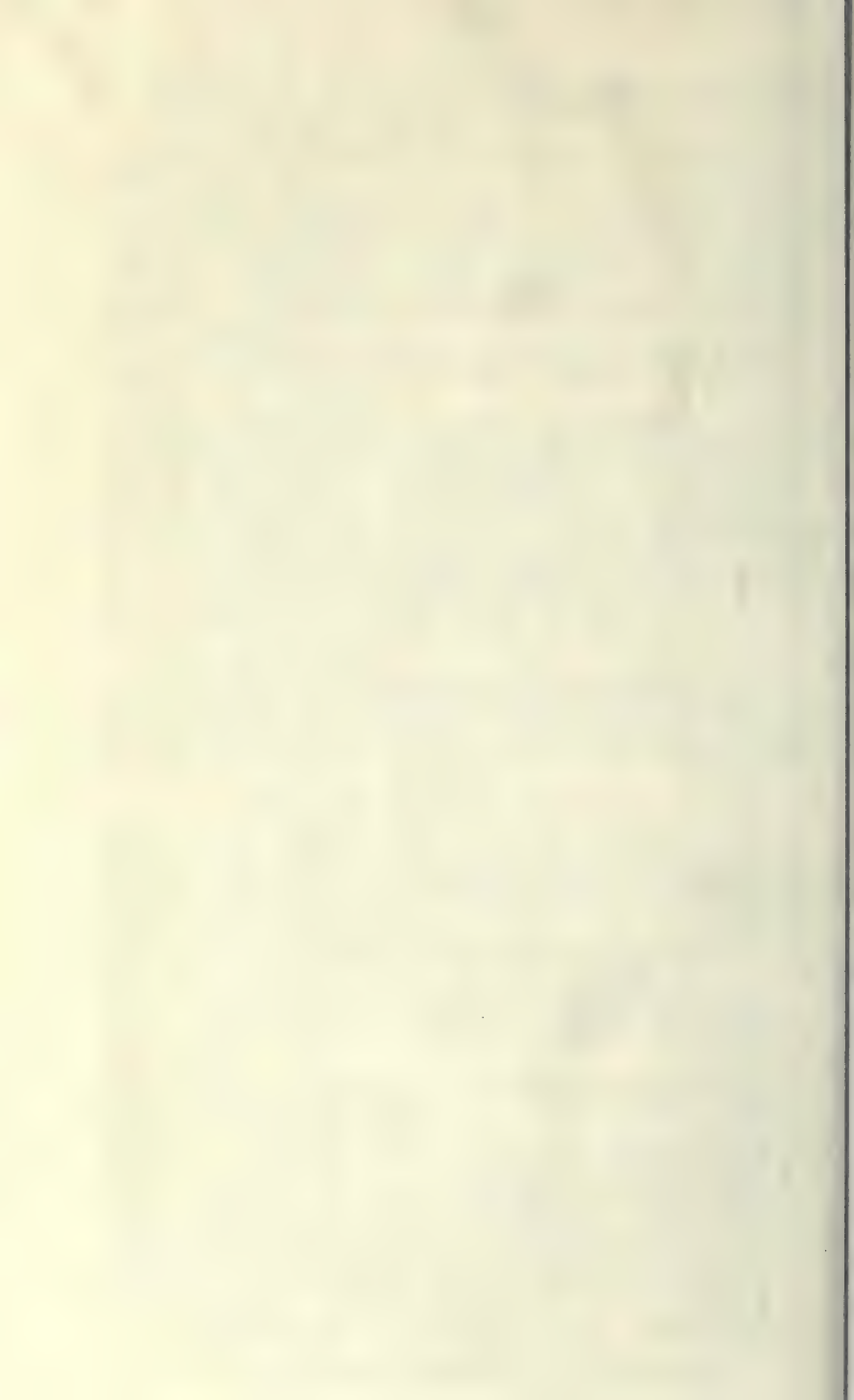
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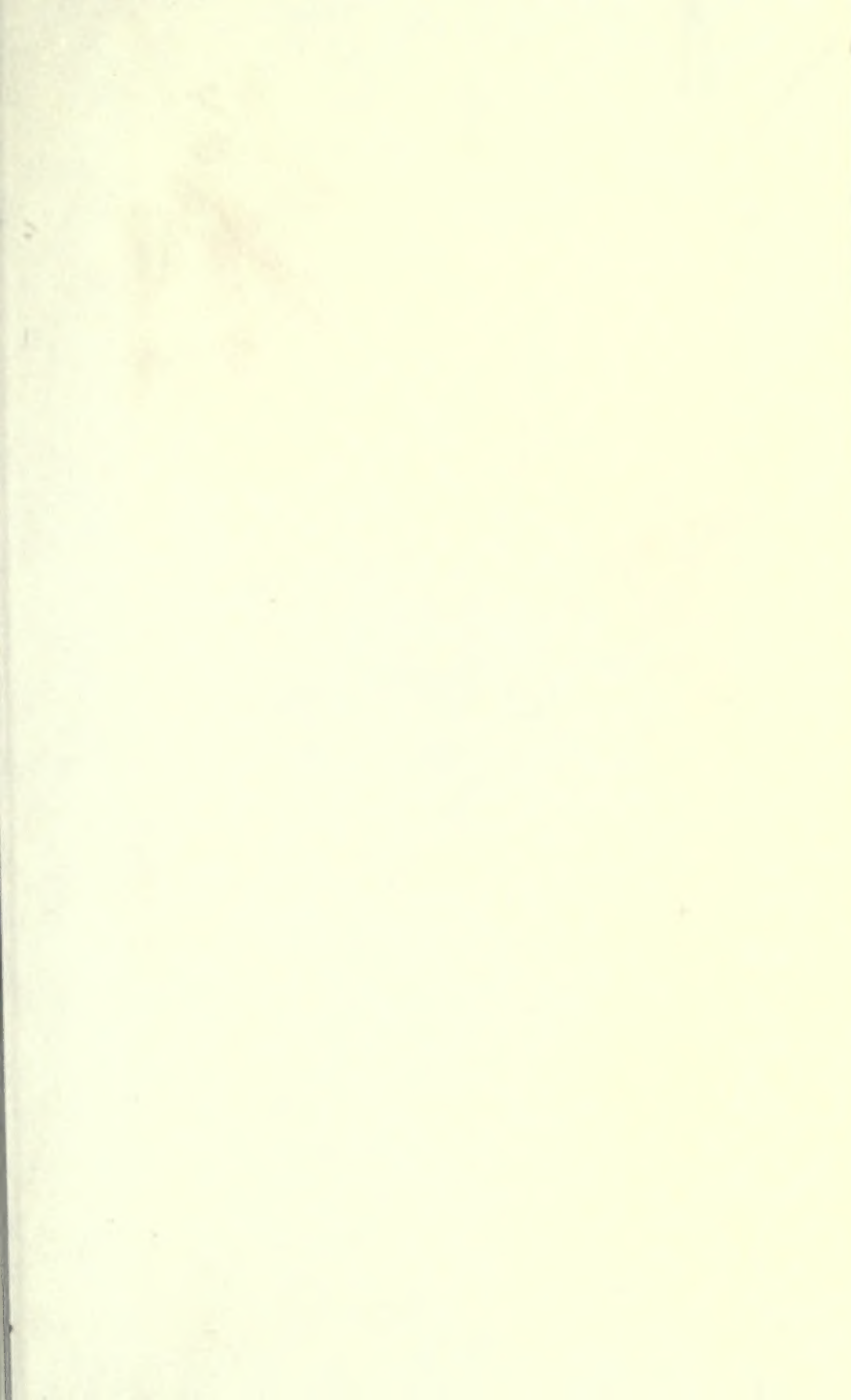
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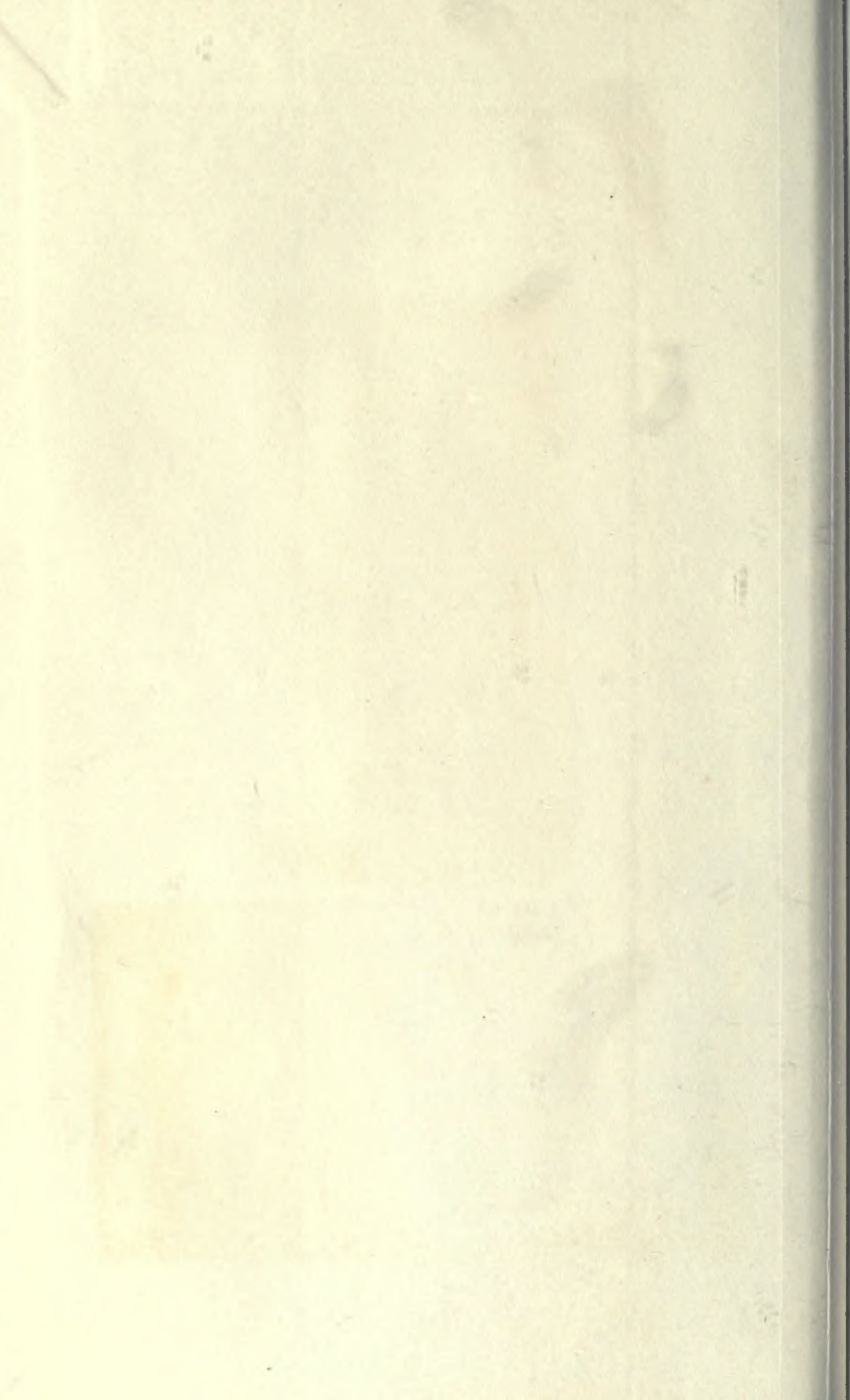
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